

John Zerwas
Chairman



Oscar Longoria
Vice Chairman

**TEXAS HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS**

AGENDA

FEBRUARY 15, 2017
7:30 AM
CAPITOL EXTENSION, E1.030

- I. CALL TO ORDER**
- II. CHAIRMAN’S OPENING REMARKS**
- III. MEDICAID**
 - Leora Rodell, Manager - Legislative Budget Board
- IV. CHILD PROTECTIVE SERVICES**
 - Julie Lindsey, Analyst - Legislative Budget Board
- V. MENTAL HEALTH**
 - Mike Diehl, Analyst - Legislative Budget Board
- VI. PUBLIC EDUCATION FUNDING**
 - Aaron Henricksen, Analyst – Legislative Budget Board
 - Andrea Winkler, Analyst – Legislative Budget Board
- VII. BORDER SECURITY**
 - John Wielmaker, Senior Analyst – Legislative Budget Board
- VIII. TRANSPORTATION**
 - Thomas Galvan, Senior Analyst – Legislative Budget Board
- IX. CLOSING REMARKS**
- X. ADJOURN**



LEGISLATIVE BUDGET BOARD

Medicaid Overview

PRESENTED TO the House Committee on Appropriations

LEGISLATIVE BUDGET BOARD STAFF

FEBRUARY 2017

Overview

Medicaid is a jointly-funded State/Federal program providing health insurance primarily to low-income parents, non-disabled children, pregnant women, the elderly, and people with disabilities. As a requirement of participation, states must cover certain groups and have the option to cover additional groups.

The Health and Human Services Commission (HHSC) is the single state agency responsible for Texas's Medicaid program, but services are administered by a variety of state agencies.

Basic Federal Requirements

- **Entitlement:** any eligible person may enroll.
- **Statewideness:** states cannot limit available services to specific geographic locations.
- **Comparability:** same level of services available to all clients.
- **Freedom of Choice of Provider:** clients may see any Medicaid health care provider who meets program standards.

Waivers

The U.S. Secretary of Health and Human Services has broad authority to waive statutory and regulatory provisions, allowing states to test new ways of delivering and paying for services. For example:

- Section 1115 demonstrations do not require statewideness, comparability, or freedom of choice of provider; and
- 1915(c) waivers allow states to provide long-term-care services in home and community-based settings and may be implemented in limited geographic areas with comparability of services with non-waiver enrollees not required.

Budget Drivers: Caseload and Cost

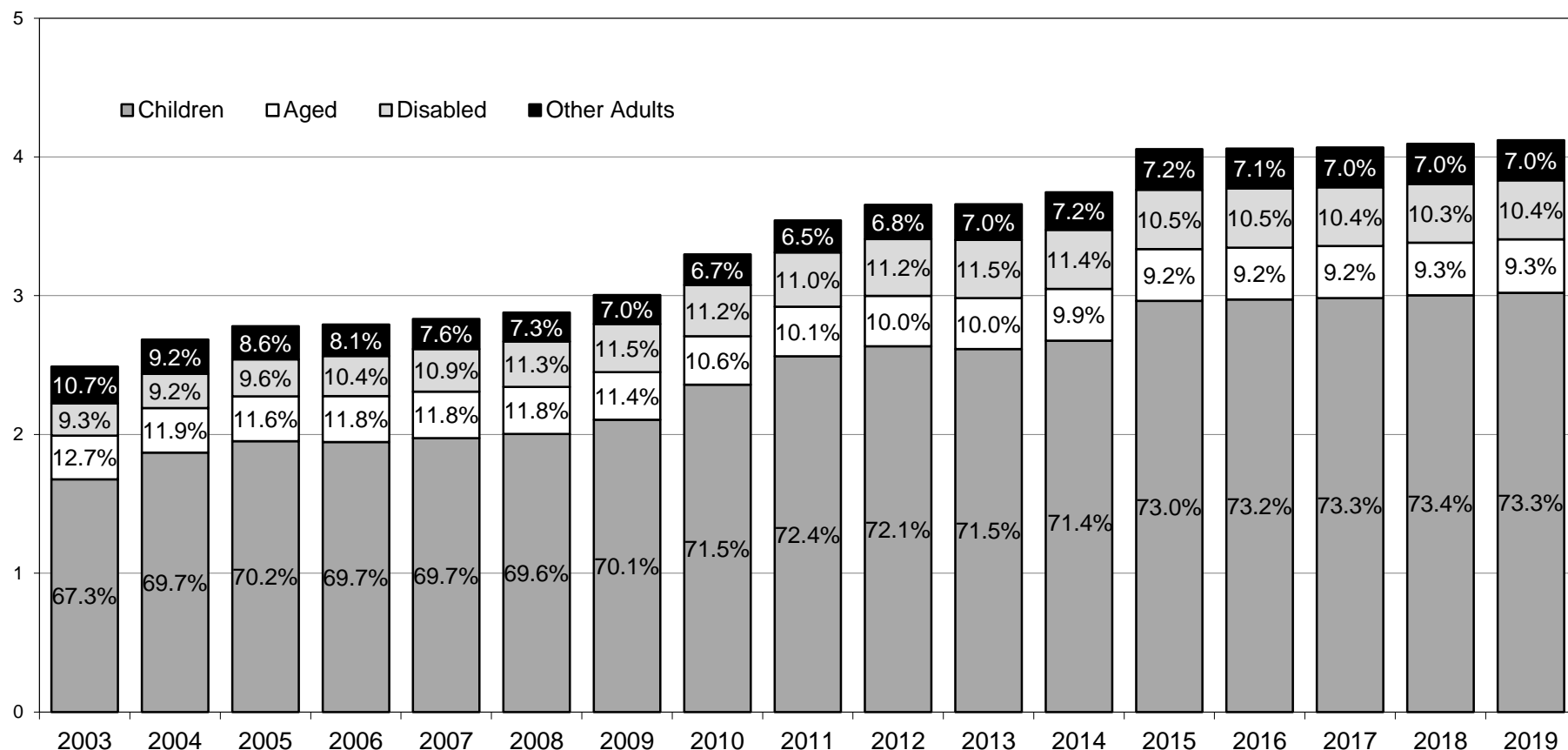
Medicaid expenditures are primarily a function of two factors: caseload and cost.

- As caseloads increase or decrease (due to factors such as population growth, the economy, or policy changes), Medicaid expenditures fluctuate.
- Medicaid expenditures also fluctuate as a result of cost growth (tied to rate changes, medical inflation, utilization, and acuity), which can be negative or positive.

Medicaid Average Monthly Full-Benefit Caseload by Enrollment Group

Fiscal Years 2003 to 2019

IN MILLIONS



NOTES:

(1) Other adults includes TANF Adults, Pregnant Women, Medicaid for Breast and Cervical Cancer, and Medically Needy clients.

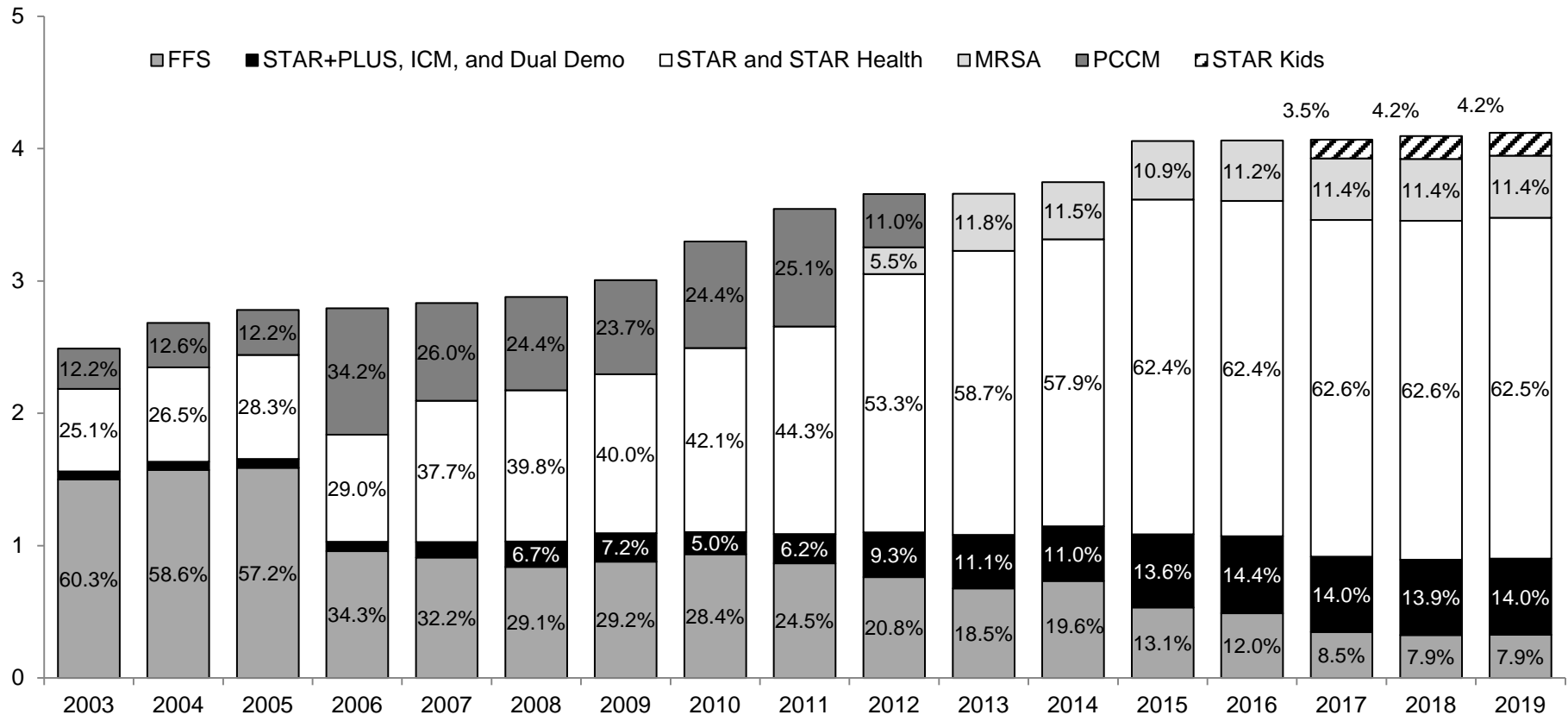
(2) Fiscal year 2016 is estimated; fiscal years 2017 through 2019 are the most recent Legislative Budget Board projections.

SOURCES: Legislative Budget Board; Health and Human Services Commission.

Medicaid Average Monthly Full-Benefit Caseload by Delivery Model

Fiscal Years 2003 to 2019

IN MILLIONS



NOTES:

(1) Represents average monthly number of clients receiving full-benefit Medicaid health insurance services. Managed Care delivery models include all but Fee-for-Service. The percent of clients receiving STAR+PLUS and ICM from 2003 to 2007 was between 2.3 and 4.1 percent.

(2) Fiscal year 2016 is estimated; fiscal years 2017 through 2019 are the most recent Legislative Budget Board projections.

SOURCES: Legislative Budget Board; Health and Human Services Commission.

Managed Care Delivery Models

Managed care is a system of delivering health care in which the state contracts with managed care organizations (MCOs) to provide services to Medicaid members and pays the MCOs a per member per month amount (premium or capitation payment).

Current Models

- STAR: Serves children, pregnant women, and certain other adults.
- STAR MRSA: STAR in the Medicaid Rural Service Area.
- STAR Kids: Serves children, under age 21, with disabilities.
- STAR+PLUS: Serves adults who are aged or disabled, integrating both acute and long-term care.
- STAR Health: Serves children in the conservatorship of the Department of Family and Protective Services and certain young adults in foster care or eligible as former foster care children pursuant to the Affordable Care Act (ACA).
- Dual Demonstration (Dual Demo): Operates in six counties (Bexar, Dallas, El Paso, Harris, Hidalgo, and Tarrant), serving persons dually eligible for Medicare and Medicaid who were previously enrolled in separate coverage for each program.

Discontinued Models

- Integrated Care Management (ICM): Alternative to STAR+PLUS operating in Dallas from February 2008 through May 2009
- Primary Care Case Management (PCCM): Non-capitated model discontinued in March 2012

Caseload Growth

By fiscal year (FY) 2019, the Medicaid caseload is expected to have grown by more than 50 percent in the preceding fifteen years and will have more than doubled since FY 2001. Caseloads stabilized in FY 2016 and annual growth is projected to be less than one percent in FY 2017 through FY2019.

Recent events contributing to caseload growth include the following:

- **FY 2001 to FY 2003:** Nearly 50 percent growth in children enrolled from FY 2001 to FY 2003 due primarily to Senate Bill 43, Seventy-Seventh Legislature, which included Medicaid simplification provisions and six months continuous eligibility.
- **FY 2008 to FY 2011:** Caseloads grew 23 percent from FY2008 to FY2011, primarily due to the economic recession, with enrollment of children, people with disabilities, and other adults all growing more than 10 percent.
- **FY 2014 to FY 2015:** Pursuant to the ACA, children ages 6 to 18 with family incomes from 100 to 138 percent of the Federal Poverty Level (FPL) moved from the Children's Health Insurance Program (CHIP) to Medicaid beginning in early calendar year 2014, adding almost 300,000 children to Medicaid when the transition was complete. Growth in annual average monthly caseload for children is most apparent in FY2015, which increased more than 10 percent from FY 2014.
- **FY 2004 to FY 2019:** The population of Texas is projected to grow by 27 percent from calendar year 2004 to 2019.

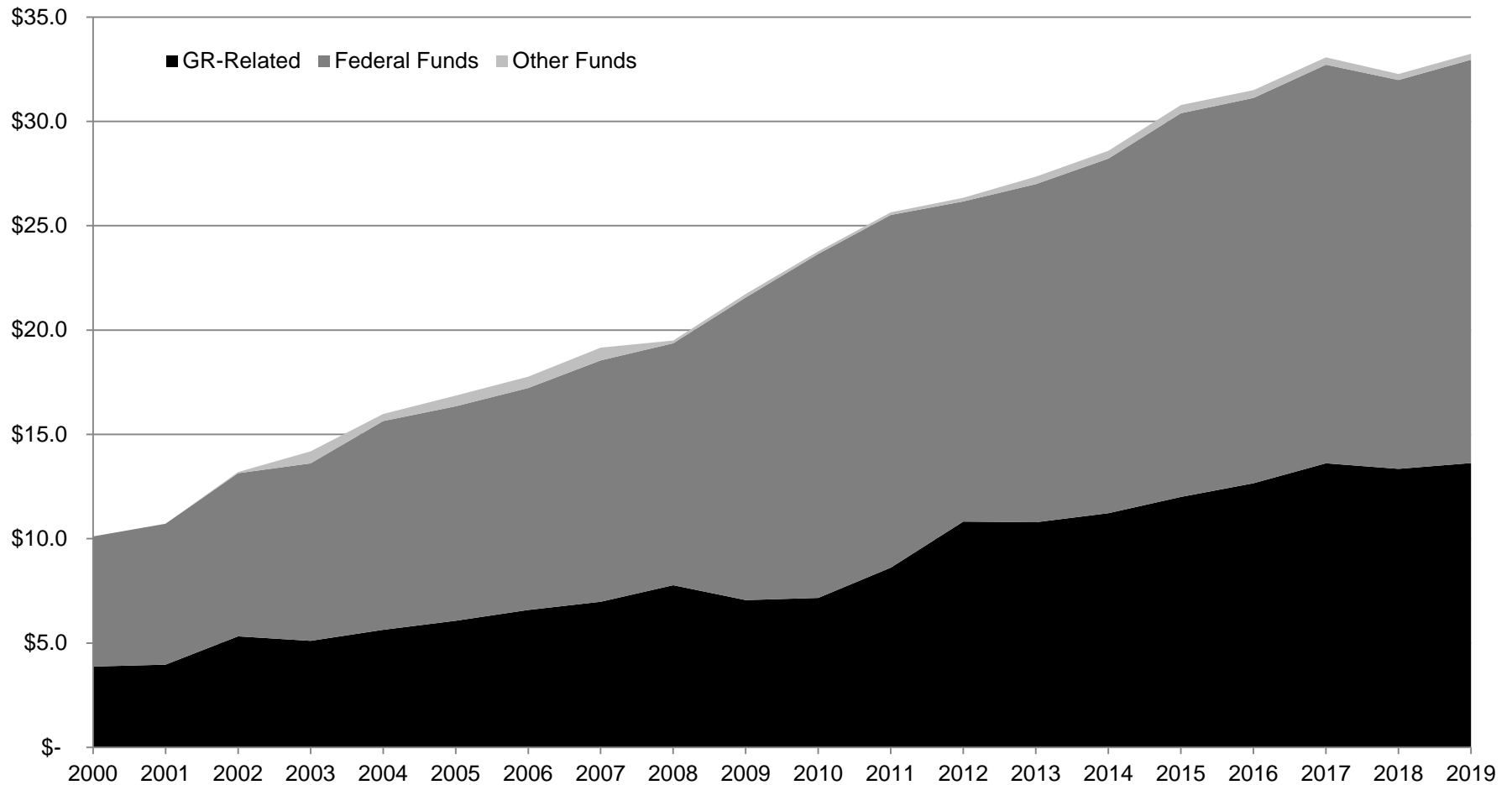
Cost Growth

The primary factors contributing to cost growth include the following:

- **Rate Changes:** Adjustments to reimbursements to providers.
 - Recent rate changes include increases in 2016-17 for the Home and Community-based Services (HCS) waiver and non-state-owned intermediate care facilities for individuals with intellectual disabilities (ICFs/IID).
 - Additionally, rates were increased in 2016-17 to accommodate community attendant wage increases.
- **Medical Inflation:** Growth in costs related to how health care is delivered and what services are available.
 - Technological and other medical advances.
 - Increases in the cost of prescription drugs.
- **Utilization:** Changes in how many services are accessed.
- **Acuity:** Relative health of persons enrolled in the program.

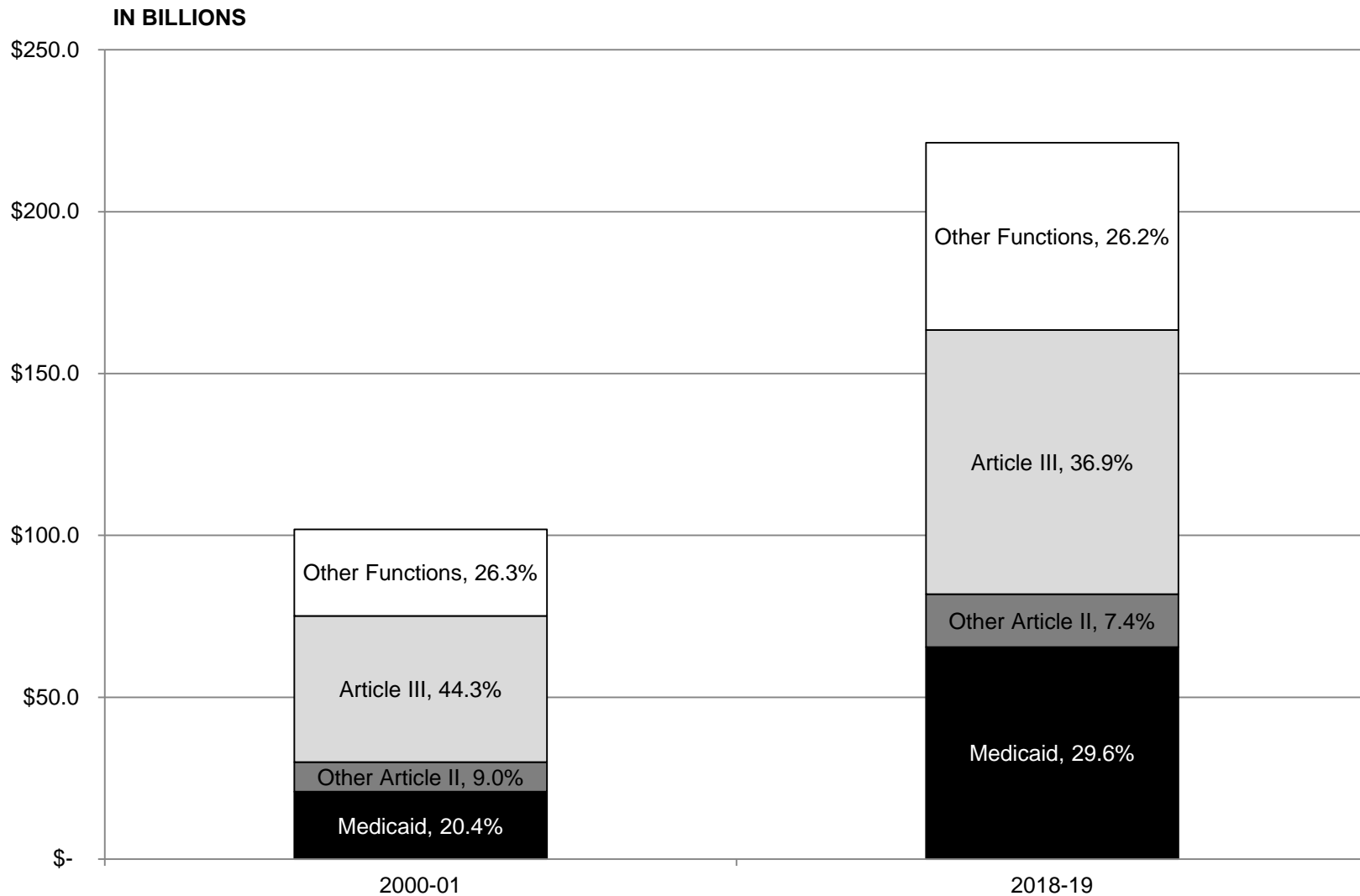
Medicaid Funding by Method of Finance

Fiscal Years 2000 to 2019



NOTES:
 (1) Fiscal years 2000 to 2015 are expended, fiscal years 2016 through 2019 are amounts included in the Legislative Budget Estimates, House.
 SOURCE: Legislative Budget Board.

State All Funds Budget 2000-01 and 2018-19 Fiscal Biennia



Financing

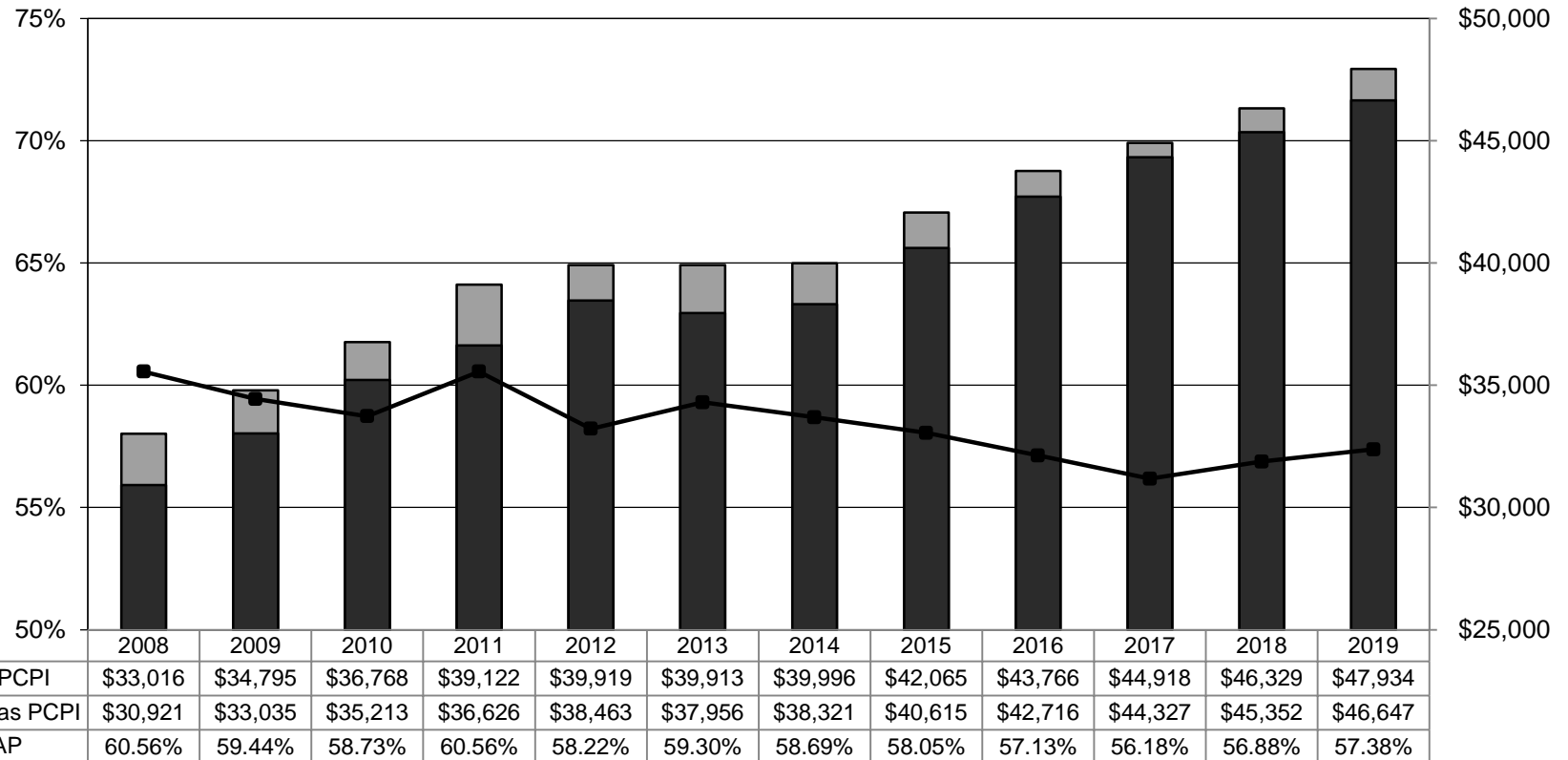
Financing of the Medicaid program is based on an array of matching rates that determine the amount of state funds (General Revenue, General Revenue-Dedicated, and Other Funds) and the amount of Federal Funds.

The primary matching rate for client services is the Federal Medical Assistance Percentage (FMAP).

- Each state has a different FMAP based on its per capita personal income (PCPI) relative to the nation's PCPI.
 - Federal Fiscal Year (FFY) FMAP is generally announced in November of the previous FFY.
 - FMAP is based on the three most recent years of income data available.
 - FFY 2018 FMAP was announced in November 2016 based on PCPI data for calendar years 2013 through 2015.
- State FMAPs can range from 50 to 83 percent.
 - Below 55 percent: states with PCPI higher than the national average.
 - Above 55 percent: states with PCPI below the national average.

FMAP and PCPI

Federal Fiscal Years 2008 to 2019



NOTES:

(1) FMAPs are for federal fiscal year (FFY) and do not reflect enhanced FMAPs related to the American Recovery and Reinvestment Act (ARRA) that applied from the first quarter of FFY 2009 until the third quarter of FFY 2011. Per capita personal income (PCPI) is the average of the most recent three years available at the time each FMAP was calculated and does not include any updates to the data made after that time. For example, FFY 2018 FMAP is based on the average of 2013 to 2015 PCPI as reported by the Bureau of Economic Analysis in September 2016.

(2) FFY 2008 FMAP reflects 0.03 percentage point increase related to the Deficit Reduction Act and Hurricane Katrina; PCPI is what was used to calculate initial FMAP without this adjustment.

SOURCES: Legislative Budget Board; U.S. Department of Health and Human Services; Bureau of Economic Analysis; U.S. Census Bureau.

Other Matching Rates

Higher matches are available for certain client services.

Examples include the following:

- Enhanced FMAP (EFMAP)
 - 30 percent reduction to the state share under FMAP
 - Applies to Medicaid for Breast and Cervical Cancer
- 23 percentage point increase to EFMAP
 - Applies to children previously eligible for CHIP
- 90/10
 - Applies to family planning services
- Community First Choice
 - 6 percentage point increase to FMAP
 - Applies to certain long-term-care services

Other Matching Rates (continued)

Matching rates for administrative services differ from those for client services, with most administrative services matched at 50 percent.

Examples of other administrative matching rates include the following:

- 90/10
 - Administration of family planning services
 - Design, development, or installation of an approved Medicaid Management Information System (MMIS) for claims and information processing
- 75/25
 - Operation of an approved MMIS for claims and information processing
 - Activities conducted by skilled medical professionals
 - Certain medical and utilization review activities
 - Certain external quality review activities
 - Operation of a state Medicaid fraud control unit

Medicaid Funding

in millions	FY 2016-17	FY 2018-19	Biennial Change	Percentage Change
General Revenue	\$26,104.1	\$26,814.5	\$710.4	2.7%
General Revenue-Dedicated	\$173.1	\$168.7	(\$4.4)	(2.6%)
Other Funds	\$724.8	\$575.4	\$(149.3)	(20.6%)
Federal Funds	\$37,564.1	\$37,970.3	\$406.1	1.1%
All Funds	\$64,566.1	\$65,528.9	\$962.8	1.5%

Total Medicaid funding in the 2016-17 adjusted base is \$26.3 billion in General Revenue-Related Funds and \$64.6 billion in All Funds.

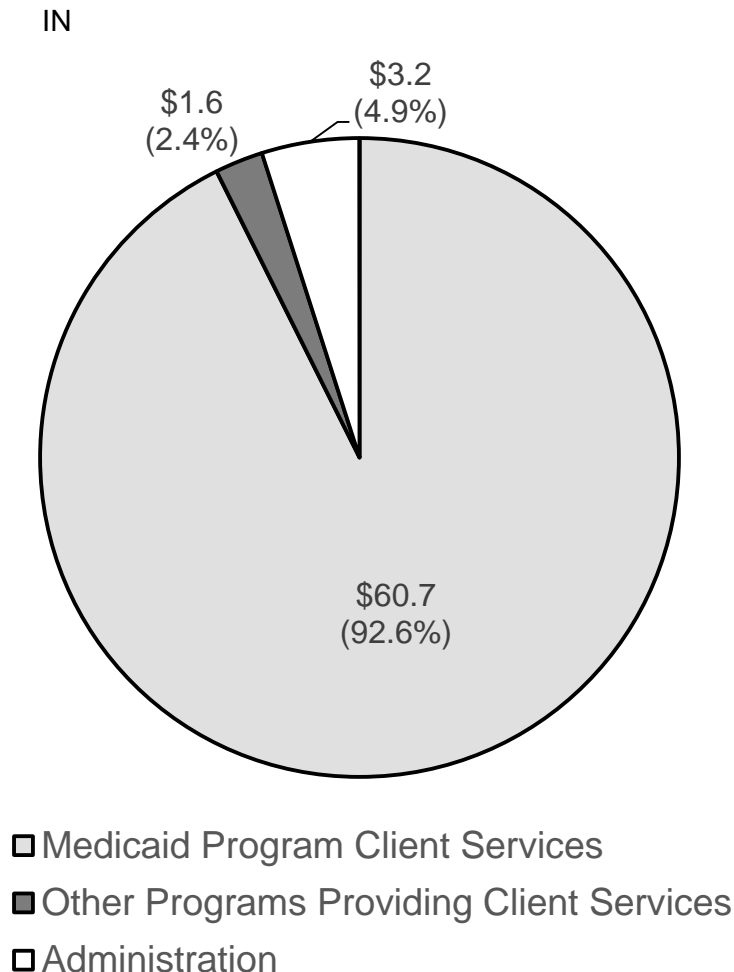
- This includes an estimated \$1.2 billion in General Revenue Funds above the 2016-17 General Appropriations Act to complete fiscal year 2017 expenditures, which includes revenue adjustments, transfers, and assumed supplemental funding.

House Bill 1, as introduced (HB1) includes \$27.0 billion in General Revenue-Related Funds and \$65.5 billion in All Funds for Medicaid in 2018-19.

- This is an increase of \$0.7 billion in General Revenue-Related Funds and \$1.0 billion in All Funds.

Medicaid Funding by Category

2018-19 Fiscal Biennia



Medicaid funding supports three major functions.

- Medicaid program client services, which are funded in Goal A at HHSC
- Other programs providing client services where Medicaid is a source of funding
 - Examples include the Early Childhood Intervention (ECI) program and State Supported Living Centers (SSLCs)
- Administration of these programs including the following:
 - Direct administration of and contracts for the Medicaid program
 - Other administrative functions where Medicaid is a source of funding

Major Medicaid Increases and Decreases (Medicaid Program Client Services Only)

HB1 includes an increase of \$1.8 billion in All Funds, including \$0.7 billion in General Revenue-Related Funds, for the Medicaid program client services.

These amounts include funding for the following:

- Increases
 - \$1,072.8 million GR for caseload growth, maintaining 2017 average costs for most services, and funding increases associated with average costs established by the federal government
 - \$105.8 million GR to maintain 2016-17 hospital add-on payments with less funding from Trauma Facility and EMS Account No. 5111
- Decreases
 - \$197.1 million GR for net more favorable matching rates
 - \$93.2 million GR to transition additional services to cash accounting
 - \$100.0 million GR for new cost-containment initiatives

An estimated \$1.4 billion in All Funds, including \$0.6 billion in General Revenue Funds, for cost growth is not included in HB1.



LEGISLATIVE BUDGET BOARD

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Child Protective Services

**Overview of Historical and Recommended Funding
for the Child Protective Services Program at the
Department of Family and Protective Services**

PRESENTED TO HOUSE APPROPRIATIONS COMMITTEE

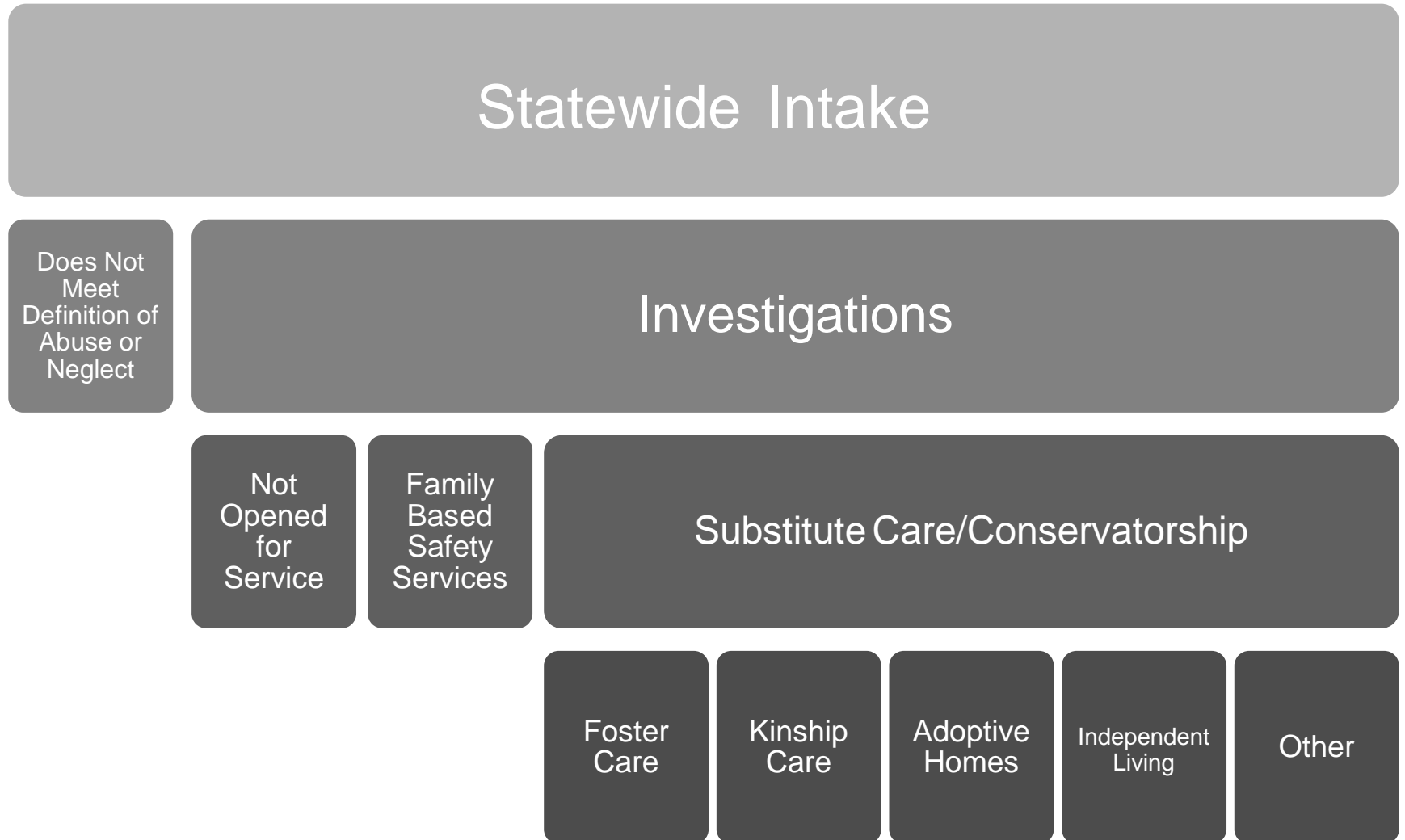
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FEBRUARY 2017

Overview of Presentation

1. The Child Protective Services Process
2. How Funding Aligns to the Child Protective Services Process
3. CPS Funding in the 2016-17 Biennium
4. Fiscal Year 2017 Critical Needs Request
5. CPS Recommendations Included In House Bill 1, As Introduced
6. Historical Requested, Appropriated, and Expended General Revenue-Related Funds
7. Historical Requested, Appropriated, and Expended All Funds
8. Questions

Child Protective Services Process



How Funding Aligns to the Child Protective Services Process

Statewide Intake

A.1.1, Statewide Intake Services

Does Not
Meet
Definition of
Abuse or
Neglect

Investigations

Not
Opened
for
Service

Family
Based
Safety
Services

Substitute Care/Conservatorship

Strategies Supporting All CPS Functions

B.1.1, CPS Direct Delivery Staff
B.1.2, CPS Program Support
B.1.3, TWC Contracted Day Care
B.1.7, Substance Abuse Purchased Services
B.1.8, Other CPS Purchased Services

Foster Care

B.1.9, Foster
Care Payments

Kinship Care

B.1.10, Adoption/
PCA Payments
B.1.11, Relative
Caregiver
Payments

Adoptive Homes

B.1.4, Adoption
Pur. Svcs
B.1.5, Post-
Adoption Pur. Svcs
B.1.10, Adoption/
PCA Payments

Independent Living

B.1.2, CPS
Program Support
B.1.6, PAL Pur.
Svcs
B.1.9, Foster
Care Payments

Other

CPS Funding in the 2016-17 Biennium

	Total Appropriations	2016-17 LBB Adjusted Base (Expended/Budget ed)	Over/(Under) Appropriations
General Revenue-Related Funds	\$1,473,091,769	\$1,560,214,192	\$87,122,423
Federal Funds	\$1,352,889,973	\$1,406,601,227	\$53,711,254
All Funds	\$2,844,504,066	\$2,984,551,279	\$140,047,213
<i>FTEs</i>	<i>9,891.1</i>	<i>10,329.3</i>	<i>438.2</i>
Amounts Included in the 2016-17 LBB Adjusted Base			

- \$13,923,538 – LBB-projected shortfall in Strategy B.1.3, TWC Contracted Day Care Purchased Services
- \$32,428,758 – LBB-projected shortfall in B.1.9, Foster Care Payments
- \$1,576,783 – LBB-projected shortfall in Strategy B.1.10, Adoption Subsidy and Permanency Care Assistance Payments
- \$113,212,703 – Approved Fiscal Year 2017 Critical Needs Request

SOURCE: ABEST and Legislative Budget Board.

Fiscal Year 2017 Critical Needs Request

Request Components	FTEs	FY 2017	FY 2018	FY 2019
Additional Caseworkers	828.8	\$51,630,622	\$64,330,734	\$64,330,734
Salary Increases	-	\$61,582,081	\$82,109,442	\$82,109,442
Total	828.8	\$113,212,703	\$146,440,176	\$146,440,176

Method of Finance	FY 2017	FY 2018	FY 2019
General Revenue	\$29,247,213	\$131,500,935	\$131,500,935
TANF Federal Funds	\$72,450,261	-	-
All Other Federal Funds	\$11,515,229	\$14,939,241	\$14,939,241
All Funds	\$113,212,703	\$146,440,176	\$146,440,176

LBB-Estimated Related Benefits \$24,104,009 \$31,660,294 \$31,968,435

DFPS-Estimated Related Benefits *\$29,222,244* *\$39,511,186* *\$39,511,186*

SOURCE: Department of Family and Protective Services and Legislative Budget Board.

CPS Recommendations Included In House Bill 1, As Introduced

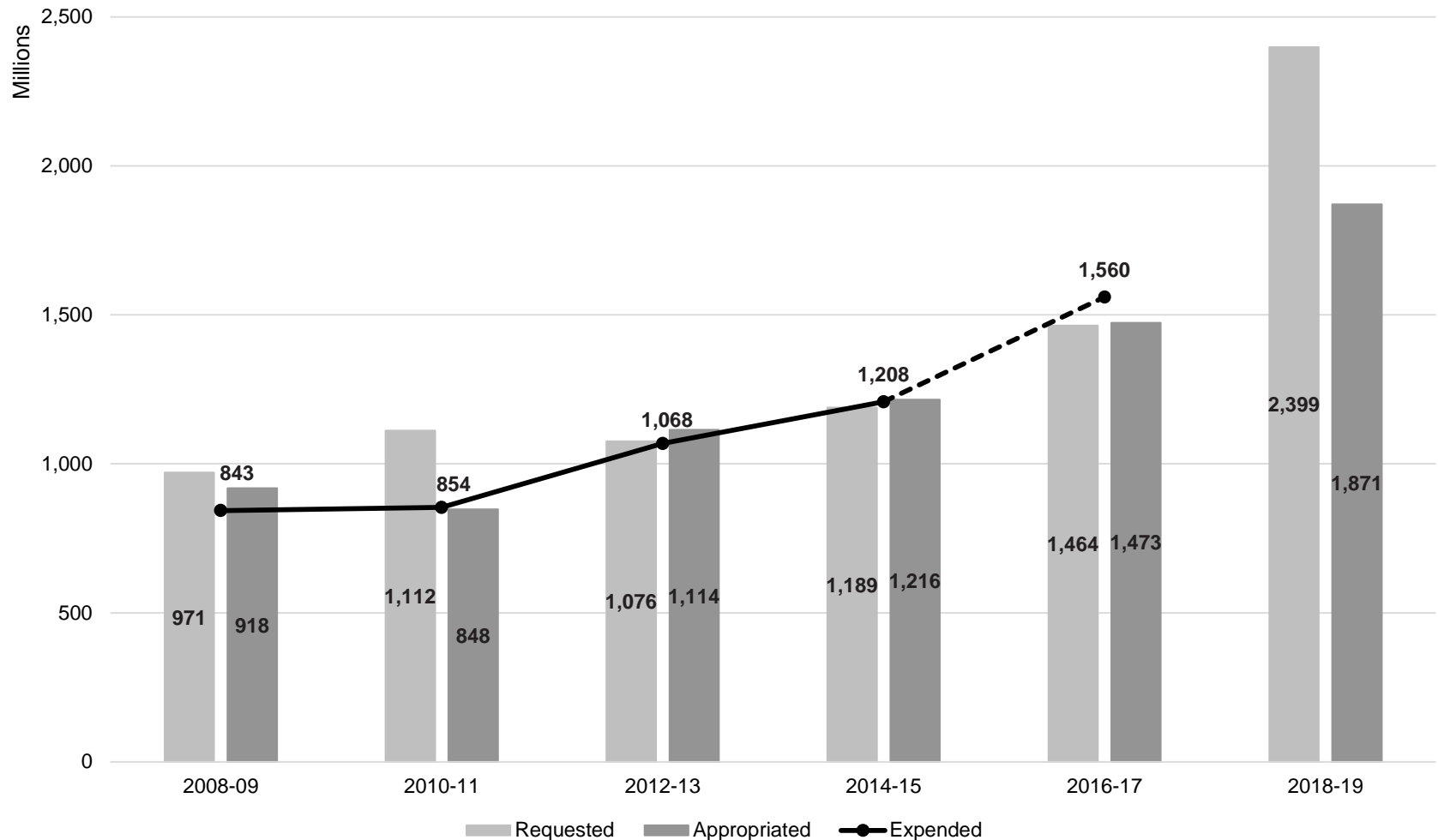
	Base Request	House Bill 1, As Introduced	Revised Exceptional Items
General Revenue-Related Funds	\$1,579,577,220	\$1,870,785,758	\$818,937,817
Federal Funds	\$1,344,348,032	\$1,358,575,815	\$146,173,101
All Funds	\$2,939,254,986	\$3,244,691,307	\$965,110,918
<i>FTEs</i>	<i>9,738.2</i>	<i>10,328.3</i>	<i>1,572.1</i>

Agency's Exceptional Item Request for Child Protective Services (All Funds)

- \$162,200,525 - Support Increased Demand of CPS Services (98.0 FTEs)
- \$206,721,940 - Increase Staff Resources Dedicated to Direct Client Services (1,185.7 FTEs)
- \$7,103,640 - Enhance CPS Investigation Capacity (55.4 FTEs)
- \$180,058,110 - Expand and Implement High-Quality Capacity Initiatives (22.9 FTEs)
- \$31,415,806 - Sustain CPS Transformation (210.1 FTEs)
- \$375,282,907 - Further Improve High Quality Care for Children in Foster and Kinship Care (0 FTEs)
- \$2,327,990 - Increase Funding to Retain High Performing Workforce (0 FTEs)

SOURCE: ABEST and Department of Family and Protective Services.

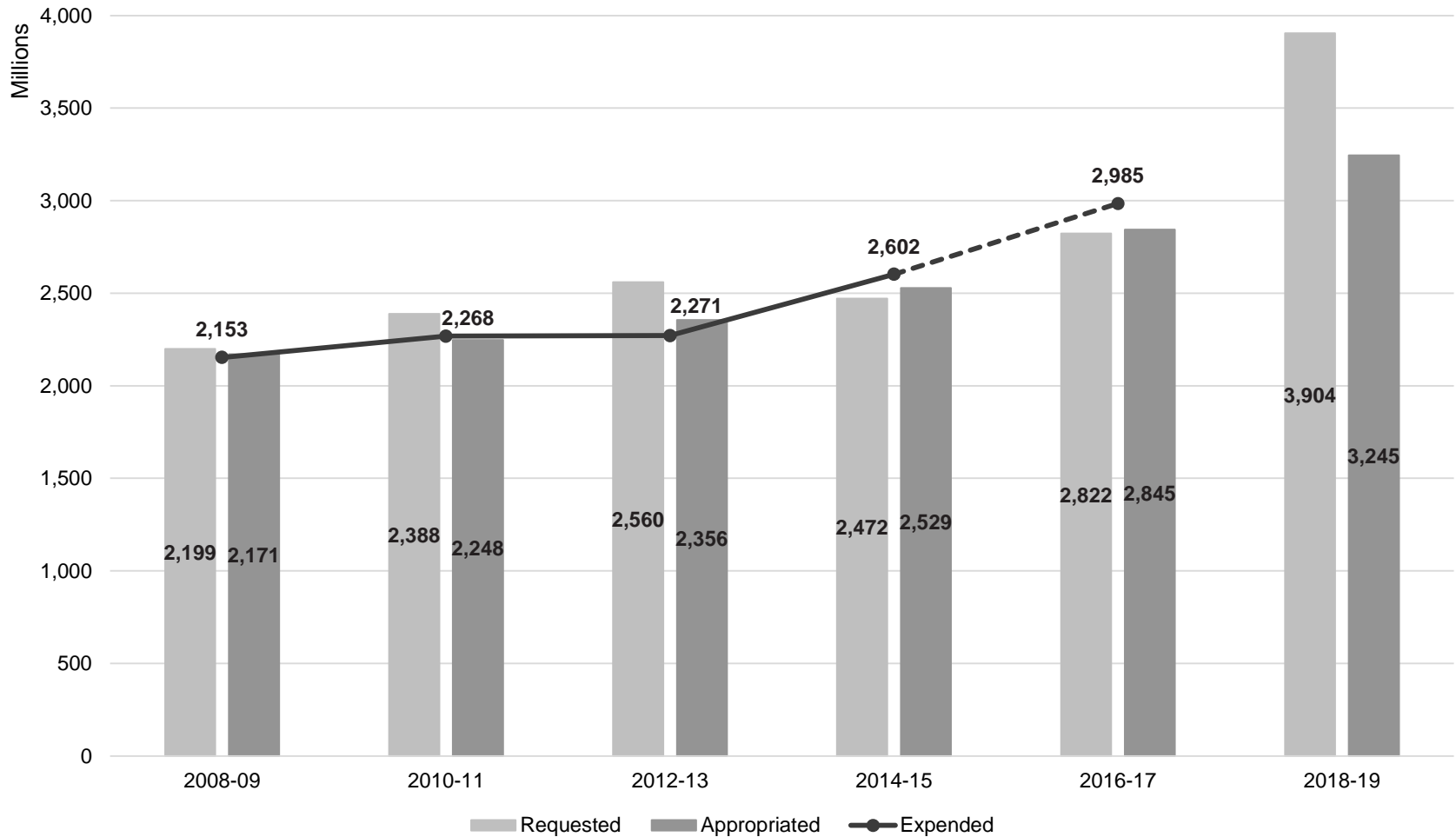
Historical Requested, Appropriated, and Expended General Revenue-Related Funds



NOTE: 2018-19 Requested Amounts include agency's base request plus revised exceptional item request.

SOURCE: ABEST and Department of Family and Protective Services

Historical Requested, Appropriated, and Expended All Funds



NOTE: 2018-19 Requested Amounts include agency's base request plus revised exceptional item request.

SOURCE: ABEST and Department of Family and Protective Services



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BEHAVIORAL HEALTH FUNDING (2018-19 House Bill 1, as Introduced)

TOTAL
ESTIMATED
INCREASE
(IN MILLIONS)

\$237.9

ALL FUNDS

Health and Human Services (Article II) agency recommendations total \$2.1 billion in General Revenue (GR)-Related Funds including an additional \$62.6 million in GR-Related Funds to eliminate the waitlist for community mental health services and \$95.6 million in GR-Related Funds in contingency funding for legislation to be introduced by the House Select Committee on Mental Health. An additional \$3.6 billion in All Funds is projected to be expended through Medicaid and the Children's Health Insurance Program (CHIP) including projected cost growth that is not funded in the Introduced Bill.

Public Safety and Criminal Justice (Article V) agency recommendations total \$669.7 million in GR-Related Funds and include new behavioral health funding at the Commission on Jail Standards to provide mental health training to jailers.

Education (Article III) agency recommendations total \$24.0 million in GR-Related Funds and include an additional \$2.0 million in each fiscal year to implement an integrated care study for veterans with post-traumatic stress disorder.

Article IX Section 10.04, House Bill 1, as Introduced, Statewide Behavioral Health Strategic Plan and Coordinated Expenditures, requires agencies receiving appropriations for behavioral health to develop a coordinated plan for behavioral health services and expenditures. Article IX Sec. 10.04(a) provides an informational listing of recommended behavioral health funding for 18 agencies across 6 articles totaling \$3.5 billion in All Funds and an additional \$3.6 billion in estimated Medicaid and CHIP expenditures. Article IX Sec. 10.04(b) and (c) have been amended and require:

- Continuation of the Statewide Behavioral Health Coordinating Council** - Agencies that receive behavioral health appropriations designate individuals to serve as members of a statewide coordinating council. The behavioral health coordinating council will develop and submit the required strategic plan and coordinated expenditure proposal updates and is tasked with implementing the strategic plan submitted in May 2016.
- An annually updated Strategic Plan and Coordinated Expenditure Proposal** - The coordinating council is required to develop and submit annual updates to the strategic plan and to develop annual coordinated expenditure proposals to show how behavioral health funding will be used to implement the strategic plan.
- Additional agency representatives on the Statewide Coordinating Council** - In addition to the agencies identified in the provision, the Texas Education Agency, Department of Housing and Community Affairs, and the Texas Workforce Commission are required to designate an individual to serve as a representative on the coordinating council.



BEHAVIORAL HEALTH ALL FUNDS: 2018-19 RECOMMENDATIONS & 2016-17 SPENDING LEVELS (In Millions)

2016-17 Expended/Budgeted	2018-19 Recommendations	Change From 2016-17 Expended / Budgeted	Recommendations by Agency
\$3,000.7	\$2,820.2	\$(180.5)	HEALTH AND HUMAN SERVICES (ARTICLE II)
\$2,945.9	\$2,767.1	\$(178.8)	Health and Human Services Commission
\$54.5	\$52.8	\$(1.6)	Dept. of Family & Protective Services
\$0.3	\$0.3	\$0.0	Texas Civil Commitment Office
\$678.8	\$678.4	\$(0.4)	PUBLIC SAFETY & CRIMINAL JUSTICE (ARTICLE V)
\$501.8	\$501.8	\$0.0	Texas Dept. of Criminal Justice
\$175.8	\$175.1	\$(0.7)	Texas Juvenile Justice Dept.
\$1.3	\$1.3	\$0.0	Military Dept.
\$0.0	\$0.2	\$0.2	Commission on Jail Standards
\$21.3	\$24.0	\$2.7	EDUCATION (ARTICLE III)
\$12.0	\$16.0	\$4.0	University of Texas, Health Science Center Houston
\$8.0	\$8.0	\$0.0	University of Texas, Health Science Center Tyler
\$1.3	\$0.0	\$(1.3)	Texas Tech University Health Sciences Center
\$22.5	\$21.8	\$(0.7)	GENERAL GOVERNMENT (ARTICLE I)
\$15.3	\$14.8	\$(0.5)	Trusted Programs, Office of the Governor
\$7.2	\$7.0	\$(0.2)	Veterans Commission
\$3.7	\$3.7	\$0.0	REGULATORY (ARTICLE VIII)
\$1.7	\$1.7	\$0.0	Texas Board of Nursing
\$1.1	\$1.1	\$0.0	Texas Medical Board
\$0.5	\$0.5	\$0.0	Board of Pharmacy
\$0.2	\$0.2	\$0.0	Board of Dental Examiners
\$0.1	\$0.1	\$0.0	Optometry Board
\$0.1	\$0.1	\$0.0	Board of Veterinary Medical Examiners
\$0.0	\$0.4	\$0.4	NATURAL RESOURCES & JUDICIARY (ARTICLE IV)
\$0.0	\$0.4	\$0.4	Court of Criminal Appeals
\$3,155.4	\$3,565.7	\$410.3	Estimated Medicaid Expenditures ¹
\$41.1	\$47.2	\$6.1	Estimated CHIP Expenditures ²
\$6,923.5	\$7,161.4	\$237.9	TOTAL CROSS-ARTICLE FUNDING

1) Estimated Medicaid Expenditures at HHSC include projected cost growth that is not funded in the Introduced Bill.
2) Estimated CHIP Expenditures at HHSC include projected cost growth that is not funded in the Introduced Bill.
Note: Totals may not sum due to rounding.



SELECTED PROGRAMS

(AMOUNTS BELOW IN MILLIONS OF DOLLARS)

In addition to the 2018-19 recommendations for non-Medicaid/CHIP programs identified below, an estimated \$3.6 billion in All Funds is projected to be expended on behavioral health services through Medicaid and CHIP. These estimates include projected cost growth that is not funded in House Bill 1, as Introduced.

State Mental Hospitals
\$628.6 GR / \$834.5 AF



The State Mental Health Hospital System consists of ten state mental health facilities that provide intensive inpatient diagnostic, treatment, rehabilitative, and referral services for seriously mentally ill persons. Services include therapeutic programming, medication management, group therapy, job training, and interpersonal skills training.

Veterans Services
\$21.5 GR / \$28.4 AF



The Veterans Commission, the Health and Human Services Commission (HHSC), and the Military Department provide programs and services for veterans, including treatment for post-traumatic stress disorder and depression.

Mental Health Services for Adults
\$598.0 GR / \$678.7 AF



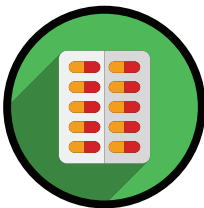
HHSC contracts with Local Mental Health Authorities (LMHAs) to provide community-based services for adults. Services are provided by the LMHAs under annual performance contracts and include assessments, case management, medication, rehabilitation, counseling, supported housing and employment, and other related services.

Mental Health Services for Children
\$114.6 GR / \$154.9 AF



An array of community-based services for children ages 3-17 including case management, medications, outpatient services, family support, inpatient hospital services, and respite services. Services are provided through LMHAs via annual performance contracts.

Substance Abuse Prevention & Treatment
\$449.6 GR / \$736.0 AF



The Department of Family and Protective Services, HHSC, the Texas Department of Criminal Justice (TDCJ), and the Texas Juvenile Justice Department (TJJD) provide substance abuse prevention, intervention and treatment services. The Office of the Governor also provides grants for substance abuse treatment for adults and juveniles. Services include prevention resource centers, alcoholism and drug counseling for offenders, Driving While Intoxicated (DWI) treatment, and chemical dependency treatment for high-needs youth.

Community Hospitals
\$189.7 GR / \$209.9 AF



Funding provides for inpatient capacity in eleven private and public sector psychiatric facilities in communities throughout the state, including hospitals and crisis stabilization units.

Community Mental Health Crisis Services
\$345.0 GR / \$348.2 AF



Funding expands statewide access to crisis hotlines, mobile crisis response teams, outpatient competency restoration, respite, and facility-based crisis services. The variety of crisis response options works to help adults and children avoid unnecessary hospitalization, incarceration, and use of emergency rooms.

Other Behavioral Health Care Services
\$448.5 GR / \$557.8 AF



Additional services include mental health care for prisoners at the TDCJ, treatment for juvenile offenders through the TJJD, and crisis respite services and behavioral intervention for persons with intellectual and developmental disabilities at the HHSC, as well as a variety of other services.



LEGISLATIVE BUDGET BOARD

Statewide Behavioral Health

Overview and Funding

PRESENTED TO THE HOUSE COMMITTEE ON APPROPRIATIONS

LEGISLATIVE BUDGET BOARD STAFF

February 2017

Statewide Behavioral Health

- House Bill 1, Introduced provides \$3.5 billion in All Funds (\$2.8 billion in General Revenue and General Revenue-Dedicated Funds) for non-Medicaid/CHIP behavioral health services at 18 agencies across 6 articles.
- Total behavioral health-related funding including estimated Medicaid and CHIP expenditures is estimated to be \$7.1 billion in All Funds for the biennium, an increase of approximately 3.4 percent from the 2016-17 spending level.
 - Estimated \$3.6 billion in behavioral health-related Medicaid expenditures (including cost growth that is not funded in the Introduced Bill).
 - Estimated \$47.2 million in behavioral health-related CHIP expenditures.
- Recommendations include \$2.8 billion in All Funds (\$2.1 billion in General Revenue and General Revenue – Dedicated Funds) at the Health and Human Services Commission, which represents 73.8 percent of the total recommended non-Medicaid General Revenue for behavioral health.
- Recommendations include \$62.6 million in General Revenue to address the current and projected waiting lists for community mental health services for adults and children and \$95.6 million in General Revenue contingent on legislation introduced by the House Select Committee on Mental Health.

Statewide Behavioral Health

(non-Medicaid/CHIP) (in millions)

Agency	2016-17 Biennium		2018-19 Biennium	
	Estimated / Budgeted		Recommended	
	General Revenue Related	All Funds	General Revenue Related	All Funds
Office of the Governor	\$ 6,832,314	\$ 15,298,365	\$ 7,000,000	\$ 14,800,000
Texas Veterans Commission	\$ -	\$ 7,210,000	\$ -	\$ 6,983,021
Article I Subtotal	\$ 6,832,314	\$ 22,508,365	\$ 7,000,000	\$ 21,783,021
Department of Family and Protective Services	\$ 29,609,538	\$ 54,481,464	\$ 26,809,128	\$ 52,846,472
Department of State Health Services	\$ 1,334,513,026	\$ 1,912,081,683	\$ -	\$ -
Health and Human Services Commission	\$ 33,477,516	\$ 77,640,742	\$ 24,067,140	\$ 32,378,664
HHSC, Legacy Department of Aging and Disability Services	\$ 18,316,945	\$ 18,633,889	\$ 18,316,946	\$ 18,950,834
HHSC, Legacy Department of State Health Services	\$ 656,849,044	\$ 937,565,618	\$ 2,021,148,780	\$ 2,715,752,653
Texas Civil Commitment Office	\$ 309,222	\$ 309,222	\$ 309,222	\$ 309,222
Article II Subtotal	\$ 2,073,075,291	\$ 3,000,712,618	\$ 2,090,651,216	\$ 2,820,237,845
University of Texas - Health Science Center at Houston	\$ 12,000,000	\$ 12,000,000	\$ 16,000,000	\$ 16,000,000
University of Texas - Health Science Center at Tyler	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
Texas Tech University Health Sciences Center	\$ -	\$ 1,275,008	\$ -	\$ -
Article III Subtotal	\$ 20,000,000	\$ 21,275,008	\$ 24,000,000	\$ 24,000,000
Court of Criminal Appeals	\$ -	\$ -	\$ 375,000	\$ 375,000
Article IV Subtotal	\$ -	\$ -	\$ 375,000	\$ 375,000
Texas Department of Criminal Justice	\$ 496,664,928	\$ 501,775,520	\$ 496,664,928	\$ 501,775,520
Texas Juvenile Justice Department	\$ 172,164,632	\$ 175,787,186	\$ 171,486,663	\$ 175,108,307
Texas Military Department	\$ 1,276,600	\$ 1,276,600	\$ 1,276,600	\$ 1,276,600
Commission on Jail Standards	\$ -	\$ -	\$ 246,030	\$ 246,030
Article V Subtotal	\$ 670,106,160	\$ 678,839,306	\$ 669,674,221	\$ 678,406,457
Texas State Board of Dental Examiners	\$ 248,500	\$ 248,500	\$ 248,500	\$ 248,500
Texas State Board of Pharmacy	\$ 467,325	\$ 467,325	\$ 467,325	\$ 467,325
Texas Board of Veterinary Medical Examiners	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000
Texas Optometry Board	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000
Texas Board of Nursing	\$ 1,747,116	\$ 1,747,116	\$ 1,747,116	\$ 1,747,116
Texas Medical Board	\$ 1,086,111	\$ 1,086,111	\$ 1,084,984	\$ 1,084,984
Article VIII Subtotal	\$ 3,681,052	\$ 3,681,052	\$ 3,679,925	\$ 3,679,925
Cross Article Non-Medicaid/CHIP Total	\$ 2,773,694,817	\$ 3,727,016,349	\$ 2,795,380,362	\$ 3,548,482,248

Statewide Behavioral Health

(Medicaid and CHIP)

	2016-17 Biennium	2018-19 Biennium
	Estimated / Budgeted	Recommended
	All Funds	All Funds
Cross Article Non-Medicaid/CHIP Total	\$ 3,727,016,349	\$ 3,548,482,248
Estimated Behavioral Health Related Medicaid Expenditures*	\$ 3,155,365,665	\$ 3,565,706,350
Estimated Behavioral Health Related CHIP Expenditures*	\$ 41,103,239	\$ 47,199,329
Medicaid and CHIP Subtotal	\$ 3,196,468,904	\$ 3,612,905,679
Cross Article Total with Medicaid and CHIP	\$ 6,923,485,253	\$ 7,161,387,927
Percent Change from Previous Biennium		3.4%

* Estimated Behavioral Health Related Medicaid Expenditures and CHIP expenditures include projected cost growth that is not funded in the Introduced Bill.

- Estimated behavioral health related Medicaid expenditures reflect the carve-in to managed care of Medicaid behavioral health services previously provided through the NorthSTAR program and the carve-in of certain children's mental health services with the rollout of STAR Kids in November 2016. 2016-17 Estimated/Budgeted amounts for these services are shown as direct agency appropriations.

State Hospitals

- The State Hospital system, which will transfer to the Health and Human Services Commission in fiscal year 2018, consists of 10 state mental health facilities that provide intensive inpatient diagnostic, treatment, rehabilitative, and referral services for seriously mentally ill persons. Populations served include adults, children, and forensic commitments.
- Recommendations for the state hospitals include \$834.5 million in All Funds (\$628.6 million in General Revenue Related Funds) for the 2018-19 biennium.
- Agency revised exceptional items no longer include items for repair and renovation or new construction of state hospitals.
 - However, the estimated deferred maintenance cost for state hospitals is \$145.1 million as of March 16, 2016, with a total project cost of \$222.0 million. Project cost includes costs for construction, management, surveying and testing, administration fees, environmental abatement, construction contingencies, etc.

Article IX Section 10.04

(2016-17 GAA, Eighty-fourth Legislature, 2015)

- Article IX Sec. 10.04, Statewide Behavioral Health Strategic Plan and Coordinated Expenditures (2016-17 GAA, Eighty-fourth Legislature, 2015):
 - Defines behavioral health services as programs or services concerned with research, prevention, detection, and treatment of mental disorders and disabilities, including persons whose mental disorders or disabilities result from alcoholism or drug addiction;
 - Identifies agencies appropriated funds for behavioral health programs/ services;
 - Establishes Statewide Behavioral Health Coordinating Council;
 - Requires Statewide Behavioral Health Strategic Plan; and
 - Requires coordination of fiscal year 2017 behavioral health expenditures.
- The Statewide Behavioral Health Coordinating Council submitted the Strategic Plan in May 2016 and the Coordinated Expenditure Proposal in June 2016.
- The Coordinating Council presented a consolidated Legislative Appropriations Request and Exceptional Item review for behavioral health on behalf of member agencies.

Article IX Section 10.04

(House Bill 1, Introduced, Eighty-fifth Legislature)

House Bill 1, Introduced amends Article IX Sec. 10.04, Statewide Behavioral Health Strategic Plan and Coordinated Expenditure Proposal to:

- Require annual updates to the strategic plan, inventory of behavioral health programs, and the coordinated expenditure proposal;
- Provide a breakout of the methods of financing in the informational listing of appropriations;
- Provide an estimate of Medicaid and CHIP behavioral health-related expenditures;
- Add the Texas Education Agency, Texas Workforce Commission, and the Department of Housing and Community Affairs to the membership of the council; and
- Update the informational listing of funding for behavioral health programs included in the recommendations.



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Summary of Public Education Funding

2016-17 Biennial Base and 2018-19 House Bill 1 Recommendations for the Texas Education Agency

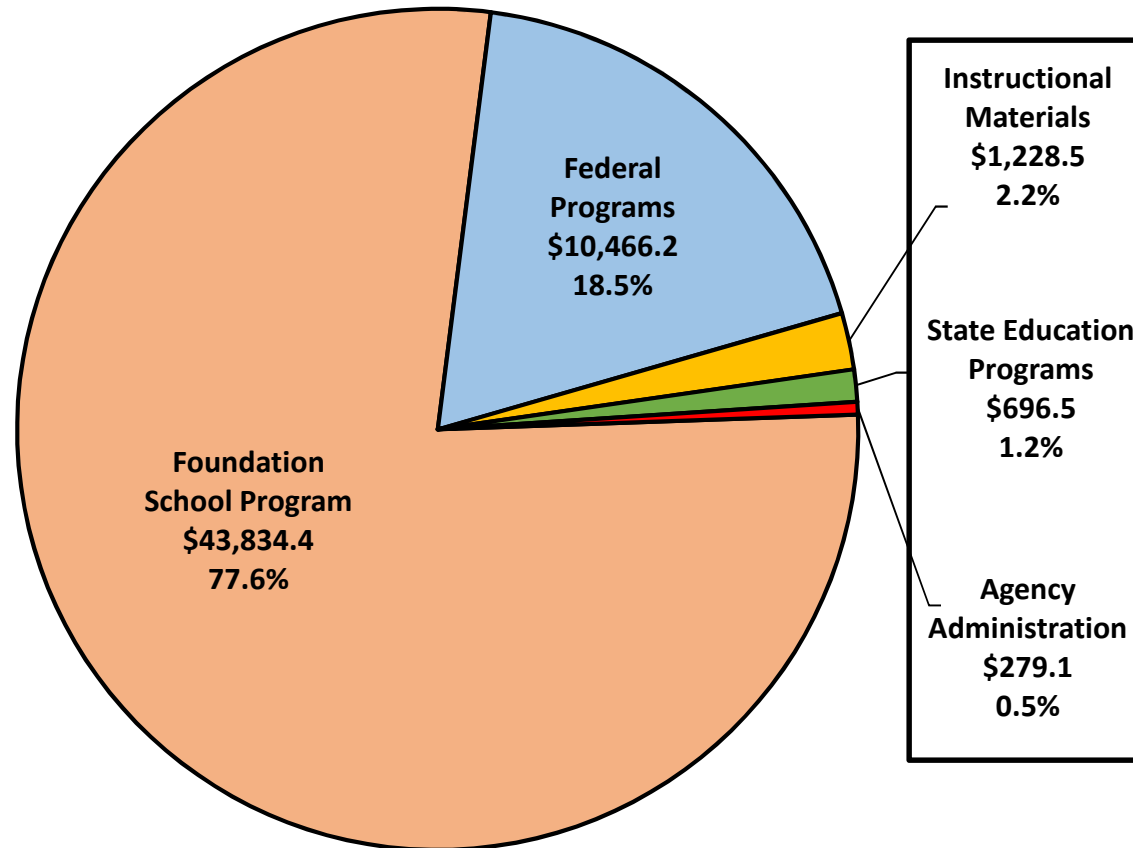
PRESENTED TO HOUSE COMMITTEE ON APPROPRIATIONS

LEGISLATIVE BUDGET BOARD STAFF

February 2017

2018-19 TEA House Bill 1 Recommendations by Program Area

2018-19 Texas Education Agency House Bill 1 Recommendations by Program Area, (In Millions, All Funds)

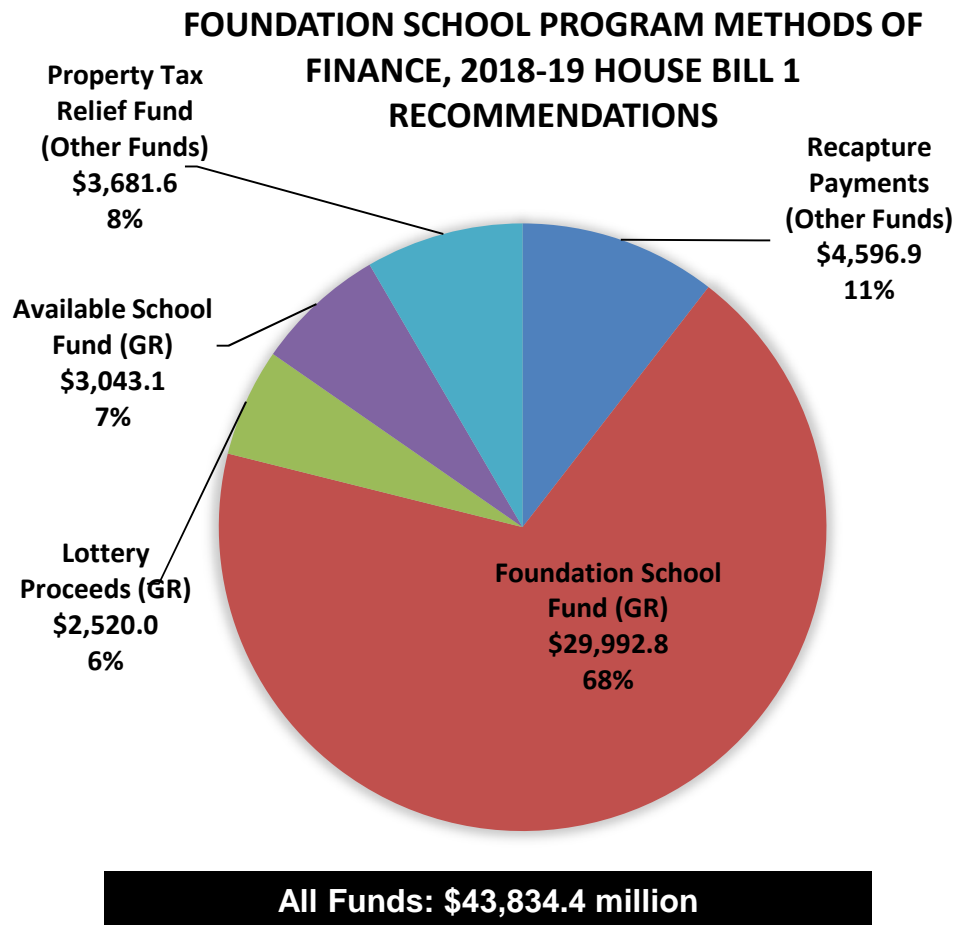


- Foundation School Program (FSP) funding represents an increase of \$1.5 billion, or 3.5 percent, in All Funds compared to the 2016-17 biennium.
- Recommendations for Instructional Materials, the largest single state-funded public education program outside the FSP, increase funding by \$64.6 million from the 2016-17 biennium based on a distribution rate of 50 percent of the Permanent School Fund (PSF) to the Available School Fund (ASF).
- HB 1 recommendations for State Education Programs include a \$41.4 million decrease in funding to numerous programs.
- Recommendations for Agency Administration include \$139.4 million in General Revenue Funds, \$78.6 million in Federal Funds, and \$61.1 million in Other Funds.

Foundation School Program (FSP) Overview

- The FSP is the system of statutory funding formulas that provide the primary means of distributing state aid to Texas public schools.
- The FSP is funded jointly through a combination of local property tax revenue and state funds that make up a total revenue entitlement for school districts and charter schools.
- The FSP is the largest single General Revenue appropriation in the state budget, comprising approximately 31 percent of the total General Revenue budget and about 20 percent of the All Funds budget. It comprises 94 percent of TEA's General Revenue Budget and 78 percent of TEA's All Funds budget.

FSP State Methods of Finance, 2018-19 Biennial Recommendations (in millions)



NOTE: Amounts exclude TEA programs funded from FSP set-asides.

General Revenue Funds Dedicated for the Foundation School Program

Available School Fund (ASF)- Permanent School Fund distribution, 25 percent of the motor fuels tax, General Land Office discretionary transfer

Lottery Proceeds – Lottery proceeds net the cost of administering, and a portion dedicated for veterans and a teaching hospital

Other Funds Dedicated for Public Education

Property Tax Relief Fund (PTRF)- portion of franchise tax, tobacco taxes, liar's affidavit

Recapture Revenue- payments from property wealthy school districts

Foundation School Fund (GR, Fund 193)

State costs not covered by other MOFs are provided by the Foundation School Fund, which is funded from one-fourth of occupation taxes and unrestricted General Revenue

Key FSP Formula Funding Elements

FSP FUNDING ELEMENTS		HOUSE BILL 1 AMOUNTS
Tier 1 Funding Elements		
Basic Allotment	<ul style="list-style-type: none"> • Primary formula element in Tier 1 • Statute sets the Basic Allotment at \$4,765 or higher by appropriation 	\$5,140
Equalized Wealth Level	<ul style="list-style-type: none"> • Property wealth per WADA above which school districts are subject to recapture in Tier 1 • Tied in statute to Basic Allotment 	\$514,000 per Weighted Average Daily Attendance (WADA)
Tier 2 Funding Elements		
Austin ISD Yield	Yield associated with first 6 enrichment pennies levied above compressed tax rate (Golden Pennies)	\$99.85 per penny per WADA in 2018 and \$106.37 per penny per WADA in 2019

Major FSP Budget Drivers

District Property Values (DPV)

Under current law, DPV growth reduces the level of state aid needed to fund FSP entitlement.

Tax Year	CPA Projection	Budget Years Affected	2016-17 General Appropriations Act Assumptions
Tax Year 2015	+4.32% (actual)	Fiscal Years 2016 & 2017	+4.56
Tax Year 2016	+6.60%	Fiscal Years 2017 & 2018	+6.18
Tax Year 2017	+5.85%	Fiscal Years 2018 & 2019	
Tax Year 2018	+4.89%	Fiscal Years 2019 & 2020	

District Tax Effort

Assumption: On a statewide level, about 40 school districts will successfully pass Tax Ratification Elections (TREs) in each fiscal year of the 2018-19 biennium for a biennial state cost of \$120 million.

Currently, 370 school districts (36 percent) have adopted the statutory maximum tax rate of \$1.17. About 49 percent of taxing districts (500) have adopted M&O tax rates of \$1.04.

Major FSP Budget Drivers

Student Growth

TEA projects an overall growth rate of 1.64% annually in the 2018-19 biennium.

Fiscal Year	Number of Students	Rate of Growth
Fiscal Year 2016	69,175 ADA	1.43% (actual)
Fiscal Year 2017	75,824 ADA	1.54% (projected)
Fiscal Year 2018	81,796 ADA	1.64%
Fiscal Year 2019	83,110 ADA	1.64%

TEA projects growth in compensatory education (1.65%), bilingual education (3.86%), career & technical education (5.13%), FTEs served in special education settings (1.27%), and special education mainstream ADA (2.98%)

2016-17 FSP GR Appropriations Compared to 2016-17 FSP Base

2016-17 FSP GR Appropriations (in millions)	\$35,507
New Costs/(Savings)	
Updated Drivers. Primarily due to student enrollment in ISDs being lower than projected.	(\$590)
Settle-Up, Prior Year and Other Adjustments. FY2015 and FY2016 underpayments led to larger than projected costs in FY 2016 and FY 2017. TEA also made prior year and other adjustments.	\$640
2016-17 Cost Adjustments	\$50
Method of Finance Shifts (affecting draw on GR)	
Property Tax Relief Fund. 2016-17 revenue higher than appropriated, decreasing GR draw	(\$380)
Recapture. Revenue lower than appropriated, increasing GR draw	\$380
2016-17 MOF Shifts	\$0
Total, 2016-17 GR Base Adjustments	\$50
2016-17 FSP GR Base (Adjusted)	\$35,556

*Totals may not sum due to rounding

2016-17 FSP GR Base Compared to House Bill 1

House Bill 1 fully funds the state's statutory FSP obligation, including anticipated enrollment growth, based on the assumptions laid out previously. In addition, House Bill 1 adds an additional \$1.5 billion in General Revenue Funds above what is estimated to be required to fund the 2018-19 current law entitlement contingent upon school finance legislation that improves equity, reduces recapture, and increases the state's share of the FSP.

2016-17 FSP GR Base (in millions)	\$35,556
New Costs/(Savings)	
Enrollment Growth	\$2,650
DPV Change	(\$3,560)
Increase in Austin ISD Yield Growth	\$1,050
Savings Due to Expiration of ASATR at the end of Fiscal Year 2017	(\$600)
Settle Up	\$250
Enrichment Tax Effort and Prior Year and Other Adjustments	\$220
Property Tax Relief Fund increase over base	(\$350)
Recapture increase over base	(\$1,130)
Total 2018-19 Current Law Costs Over 2016-17 Base	(\$1,470)
House Bill 1 FSP appropriations in addition to funding needed for anticipated enrollment growth and all other statutory obligations	\$1,470
2018-19 GR Cost Over 2016-17 GR Base	\$0

*Totals may not sum due to rounding

Non-FSP Programs and Administrative Funding

- House Bill 1 recommendations provide \$2,118.0 million in General Revenue appropriations for Non-FSP programs and administrative funding for the 2018-19 biennium, a \$23.6 million increase compared to the 2016-17 biennium. The increase is due primarily to a \$64.6 million increase in funding for instructional materials and technology, offset by \$41.4 million in decreases to numerous programs.
- Instructional materials and technology funding is \$1,233.3 million in General Revenue Funds and is based on a distribution rate of 50 percent of the Permanent School Fund (PSF) to the Available School Fund (ASF). Out of instructional materials funding, \$10.0 million is provided for the development of open-source instructional materials, \$4.5 million for agency administration, and \$2.5 million for online college readiness materials.

Instructional Materials Funding (in millions)				
2016-17 Biennium to 2018-19 Recommendations				
Program	2016-17 Base	2018-19 House Bill 1	Biennial Change (from 16-17)	Percent Change (from 16-17)
Instructional Materials	\$1,153.9	\$1,218.5	\$64.6	6%
Open Source Instructional Materials	\$10.0	\$10.0	\$0.0	0%
Agency Administration	\$4.6	\$4.5	\$0.1	1%
Total	\$1,168.4	\$1,233.0	\$64.6	6%



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State Funding for Border Security

Presented to the House Appropriations Committee

LEGISLATIVE BUDGET BOARD STAFF

FEBRUARY 2017

State Funding for Border Security

Total State Appropriations for Border Security - HB 1 (Intro) (In Millions, All Funds)

Biennium	DPS	Gov.	TMD	TPWD	TDCJ	TABC	TCOLE	TOTAL
2008-09	\$ 108.2	\$ -	\$ -	\$ 2.1	\$ -	\$ -	\$ -	\$ 110.3
2010-11	102.1	13.3	-	4.3	0.5	-	-	120.1
2012-13	212.9	4.0	-	4.7	0.5	-	-	222.1
2014-15	432.7	6.8	59.0	11.2	0.5	-	-	510.0
2016-17*	749.8	38.4	-	9.9	0.5	1.2	0.2	800.0
2018-19	595.8	54.8	-	10.6	0.5	1.2	0.3	663.1
TOTAL:	\$ 2,201.5	\$ 117.2	\$ 59.0	\$ 42.8	\$ 2.3	\$ 2.4	\$ 0.5	\$ 2,425.7
	90.76%	4.83%	2.43%	1.76%	0.09%	0.10%	0.02%	100.0%

As a percentage of total funding since 2008-09

Totals exclude Operation Stonegarden Federal Funds (FY 2010 - 2017)

* DPS appropriations include funds to reimburse TMD and TPWD for expenses from participation in Operation Secure Texas

Totals may not sum due to rounding

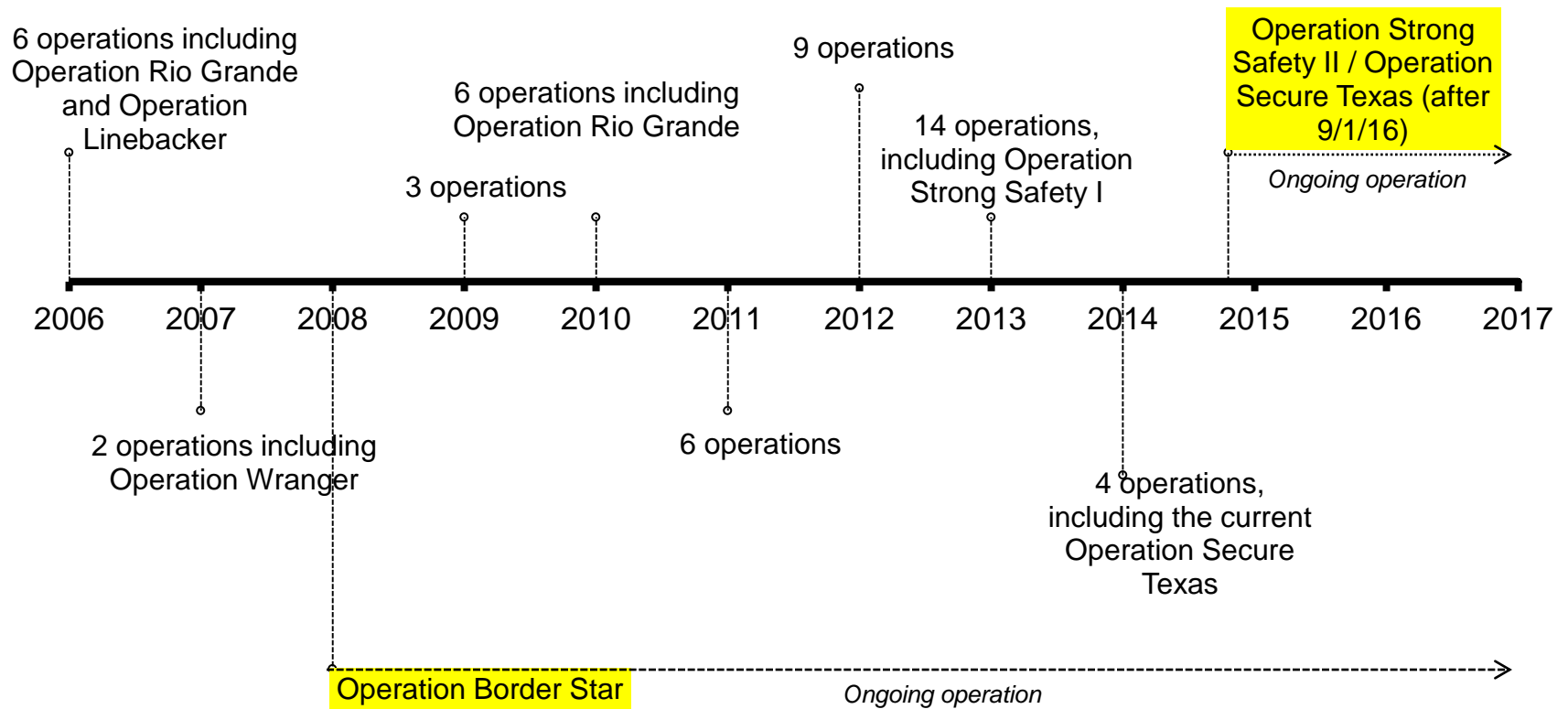
SOURCE: Legislative Budget Board.

A Decade of State Funding: FY 2008 to 2017

Since fiscal year 2008, the Legislature has appropriated funds for a diverse range of border security-related purposes, including:

- (DPS) Grants to local law enforcement for costs related to surge operations;
- (DPS) Schedule C salary raises for law enforcement officers, overtime for troopers, new Texas Ranger division, and recruit training schools;
- (DPS) Acquisition and installation of motion-activated border cameras as part of Operation Drawbridge;
- (DPS) Development and staffing of Joint Operation Intelligence Centers in the border region and the Border Security Operations Center in the agency's Austin headquarters;
- (DPS) Acquisition of aircraft and replacement vehicles;
- (DPS) Establishment of the Tactical Marine Unit, including tactical patrol boats;
- (DPS) Crime laboratory equipment, DNA testing, and construction of a new crime laboratory in Laredo;
- (DPS) Funding to reimburse the Texas Military Department for participation in Operation Secure Texas;
- (DPS) Grants to transition law enforcement agencies to the National Incident Based Reporting System;
- (DPS) Support for the Trans-Texas Information Center and joint training facilities;
- (TPWD) Additional Game Warden positions, overtime, patrol boats, vehicles, and night-vision goggles;
- (Trusted Programs Within the Office of the Governor) Funding for prosecution resources, equipment and training, and expanded anti-gang efforts; and
- (TDCJ) Funding for agency's Office of the Inspector General to collect and analyze gang-related intelligence.

State-initiated Border Security Operations



State Appropriations for Border Security, FY 2016–17

Total by Method of Finance (MOF)

General Revenue Fund 01	\$	771,793,462
GR-D Emergency Radio Infrastructure 5153		16,378,348
GR-D Law Enforcement Officer Education Acct 116		1,181,667
GR-D Criminal Justice Planning Account 421		6,000,000
GR Unclaimed Motorboat Fuel Tax Refunds 8016		4,684,952

Border Security Initiative Total: \$ 800,038,429

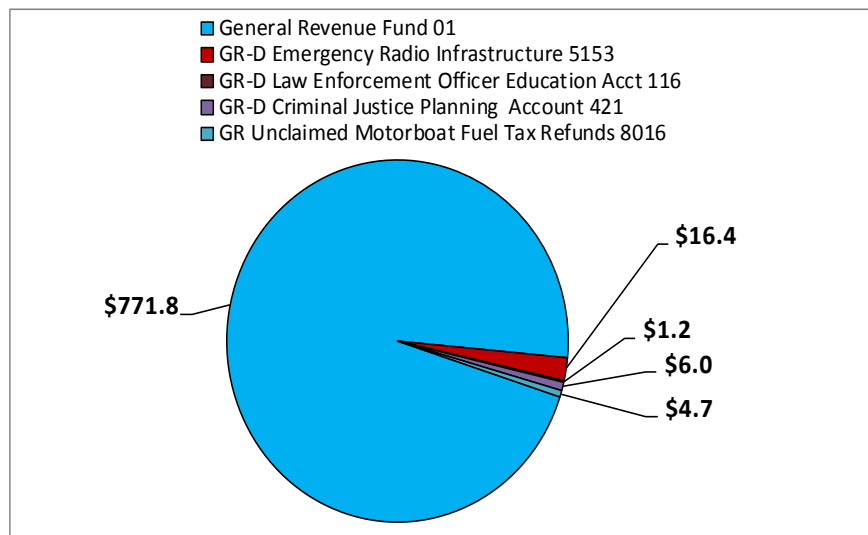
**Border
Security
Initiative**

Total State Funds by Agency

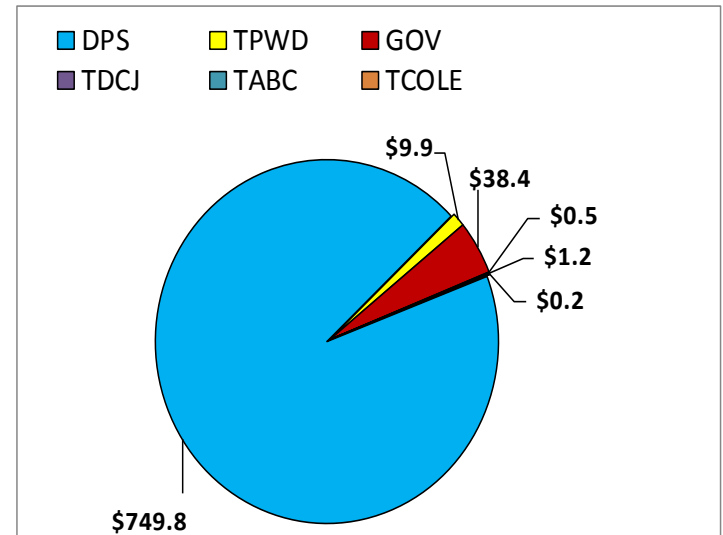
DPS	\$	749,833,480
TPWD		9,948,664
GOV		38,400,000
TDCJ		450,000
TABC		1,184,618
TCOLE		221,667

\$ 800,038,429

**Border Security Funding, By MOF
(In Millions)**



**Border Security Funding, By Agency
(In Millions)**



Detail on State Appropriations for Border Security, FY 2016–17

Article IX, Sec. 7.09

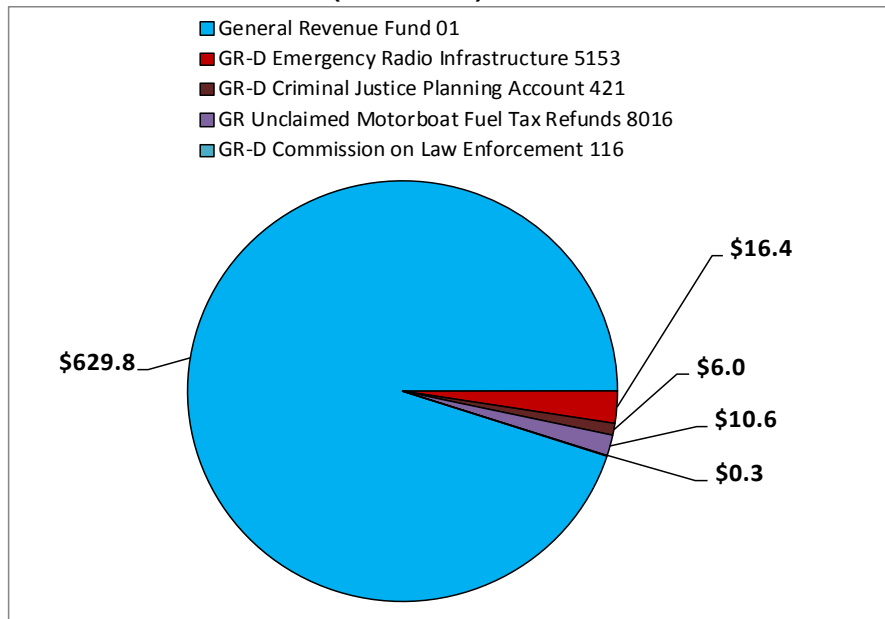
Agency	Method of Finance	Dollars Appropriated, FY 2016-17		Funding Item Purpose
DPS	001	\$	305.1	Border security-related base
DPS	001		142.6	10-hour work day
DPS	001		83.4	Operation Strong Safety II
DPS	001		87.0	250 new troopers
DPS	001		20.0	Transfer troopers
DPS	001		72.0	Transitional funding for TMD and OSS II
DPS	001		8.8	New Texas Ranger Division
DPS	001		7.5	Fully-equipped Pilatus aircraft
DPS	001		2.4	Texas Transnational Intelligence Center
DPS	001		2.0	Multiuse training facility
DPS	001		1.6	South Texas College - Excellence
DPS	116		1.0	NIBRS grant funding
DPS	5153		16.4	NIBRS grant funding
		\$	749.8	
TPWD	001		5.3	19 additional Wardens (with equipment)
TPWD	8016		4.7	Border security operations
		\$	9.9	
GOV	001		3.0	Additional prosecution resources
GOV	001		10.2	Grants for anti-gang activities
GOV	001		3.0	Contract w/ TMD to install border cameras
GOV	001		10.2	Local border security grants (moved from DPS)
GOV	001		6.0	Sustain year-round flight capability for helicopters
GOV	421		6.0	Prosecution resources (grants)
		\$	38.4	
TABC	001	\$	1.2	Fund 6 Special Investigations Unit (SIU) agents
TDCJ	001		0.5	To agency's Office of Inspector General
TCOLE	116		0.2	2.0 FTEs to assist DPS with border investigations
		\$	800.0	

HB 1 As Introduced Funding for Border Security, FY 2018–19

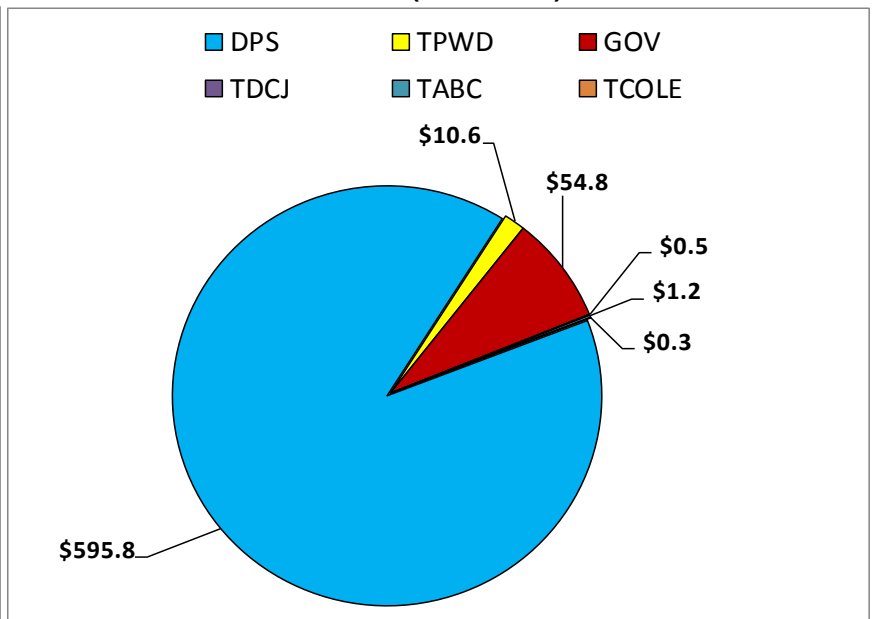
Total by Method of Finance (MOF)		Total State Funds by Agency	
General Revenue Fund 01	\$ 629,819,331	DPS	\$ 595,784,713
GR-D Emergency Radio Infrastructure 5153	16,378,348	TPWD	10,580,092
GR-D Criminal Justice Planning Account 421	6,000,000	GOV	54,778,348
GR Unclaimed Motorboat Fuel Tax Refunds 8016	10,580,092	TDCJ	450,000
GR-D Commission on Law Enforcement 116	294,375	TABC	1,184,618
		TCOLE	294,375
Border Security Initiative Total:	\$ 663,072,146		\$ 663,072,146

**Border
Security
Initiative**

**Border Security Funding, By MOF
(In Millions)**



**Border Security Funding, By Agency
(In Millions)**



Detail on HB 1 As Introduced Funding for Border Security, FY 2018–19

Agency	MOF	State Dollars	Funding Item Purpose(s)
DPS	001	\$ 301,421,137	Border security-related base
DPS	001	145,560,000	Statewide overtime for a 10-hour work day
DPS	001	4,367,288	Operation Secure Texas (fuel and staff)
DPS	001	143,476,288	Biennialization of 250 troopers, new Rangers, plus staff
DPS	001	960,000	National Incident Based Reporting System (NIBRS) training
Subtotal:		\$ 595,784,713	
TPWD	8016	10,580,092	Border security-related base funding
TDCJ	001	450,000	Office of Inspector General to coordinate gang intelligence
GOV	421	6,000,000	Prosecution resources (grants)
GOV	001	3,000,000	Additional prosecution resources
GOV	5153	16,378,348	National Incident Based Reporting System (NIBRS) grants
GOV	001	10,200,000	Grants for anti-gang activities
GOV	001	3,000,000	Contract w/ TMD to install border cameras
GOV	001	10,200,000	Local border security grants
GOV	001	6,000,000	Sustain year-round flight capability for helicopters
Subtotal:		\$ 54,778,348	
TABC	001	1,184,618	Fund 6 Special Investigations Unit (SIU) agents
TCOLE	116	294,375	Assist DPS with border investigations
TOTAL:		\$ 663,072,146	

Border Security Funding, FY 2018-19 (By Agency)

Department of Public Safety:

Recommendations include \$595.8 million in General Revenue–Related Funds in the 2018–19 biennium, representing a \$154.0 million decrease from the 2016–17 biennium, primarily as the net result of maintaining support for DPS personnel at fiscal year 2017 full deployment levels, while eliminating funding for one-time and transitional expenditures.

The funding also includes:

- \$301.4 million to fund routine border security operations and other baseline border security-related activities;
- \$145.6 million to fund a 50-hour work week for all DPS' commissioned law enforcement officers;
- \$143.4 million to fund the full biennial costs of the 22 Texas Rangers (\$9.5 million), 250 troopers (\$133.9 million), and 115 support staff added by the Eighty-fourth Legislature, Regular Session, 2015;
- \$4.4 million to fund fuel, travel, and support staff costs for Operation Secure Texas; and
- \$1.0 million to fund training for local law enforcement agencies on transitioning crime reporting methodology to the National Incident Based Reporting System.

Border Security Funding, FY 2018-19 (By Agency)

Texas Parks and Wildlife Department:

Recommendations include \$10.6 million in General Revenue–Related Funds in the 2018–19 biennium, primarily to fund the 19 additional wardens added by the Eighty-fourth Legislature, 2015, and to fund ongoing operational costs.

Office of the Governor:

Recommendations include \$54.8 million in General Revenue–Related Funds in the 2018–19 biennium, representing a \$16.4 million increase from the 2016–17 biennium as a result of the transfer of appropriations for National Incident Based Reporting grants from DPS to the Office of the Governor.

Other State Agencies:

Recommendations include \$1.9 million in General Revenue–Related Funds in the 2018–19 biennium, to fund six investigators at TABC (\$1.2 million); support the Office of the Inspector General at TDCJ (\$0.5 million); and support 2.0 FTEs at TCOLE to assist DPS in border security investigations.

DPS, Rider 50, Art. V

- HB 1, As Introduced, maintains the funds transfer prohibition out of DPS' Goal B, Secure Texas, added by the Eighty-fourth Legislature, 2015.
- This transfer limitation allows the agency to transfer funds out of Goal B, Secure Texas, only to pay overtime for law enforcement personnel.
- The agency may submit a request to the LBB to transfer funds out of Goal B, Secure Texas for purposes other than to pay overtime.

Comparison of Border Regions

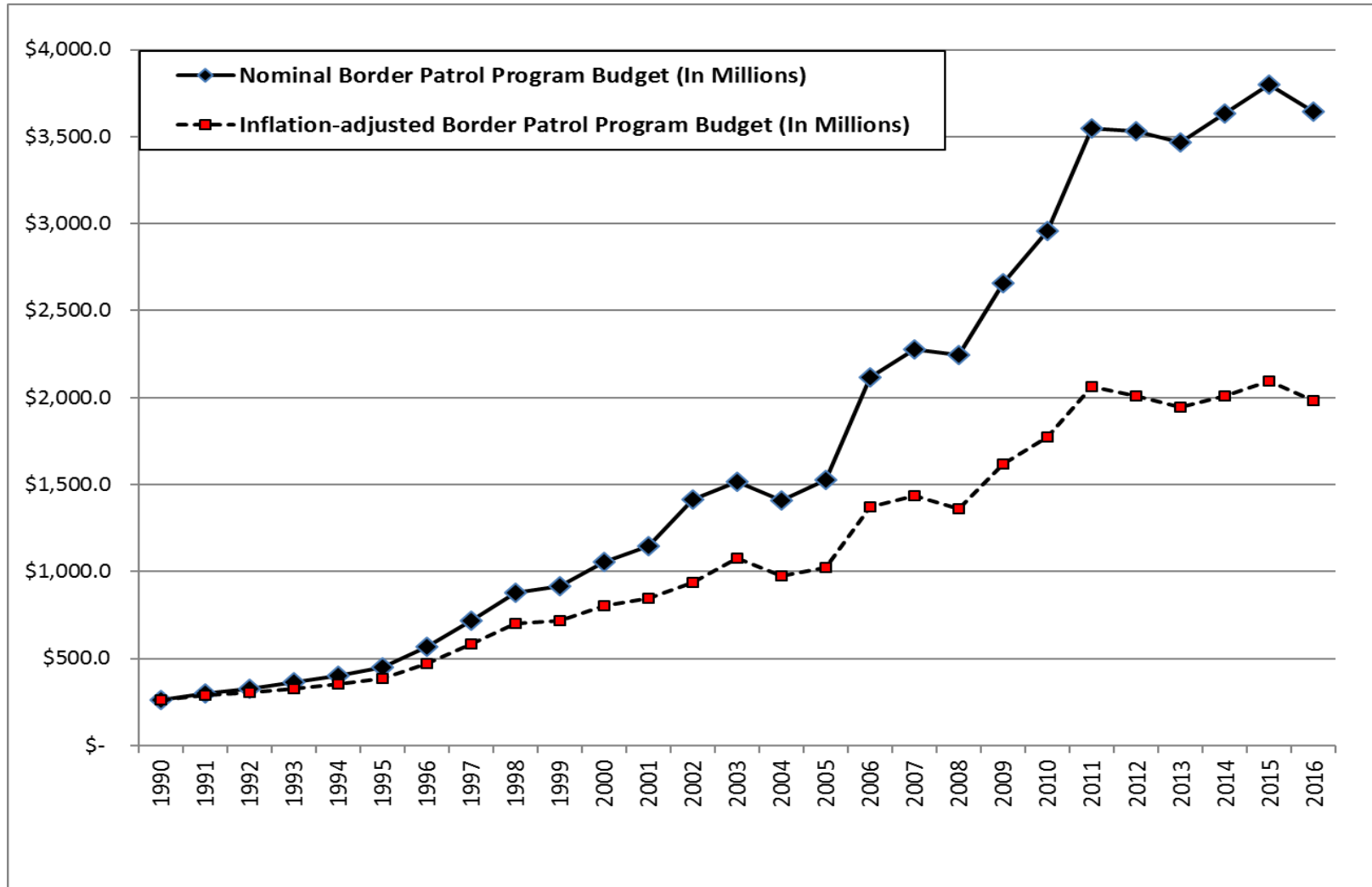
Article IX, Section 7.11, 2016-17 GAA



**Department of Public Safety,
Regions 3 and 4**



Federal Appropriations to U.S. Border Patrol



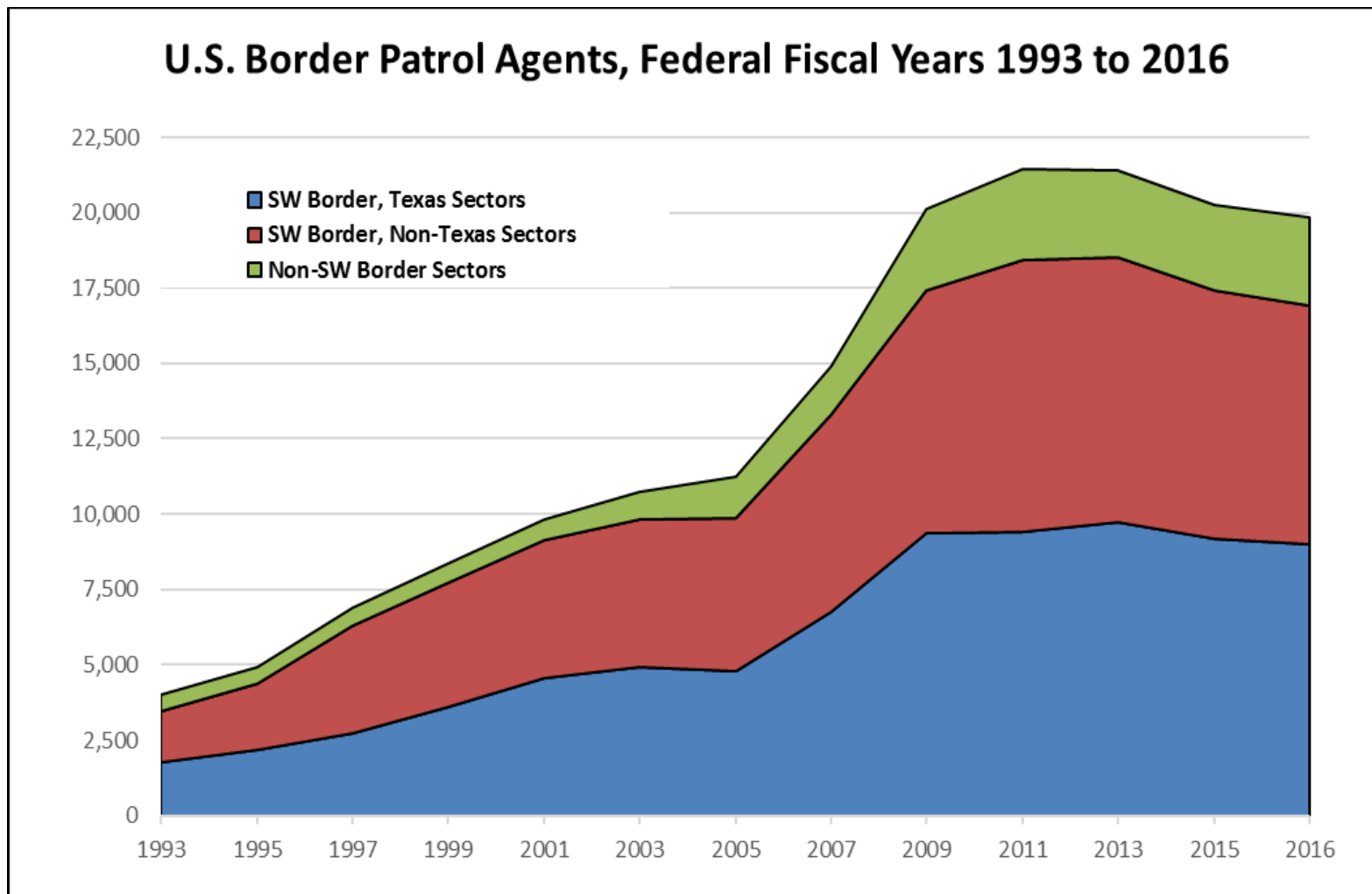
Source: U.S. Border Patrol

Number of U.S. Border Patrol Agents

Year	El Paso	Big Bend	Del Rio	Laredo	RGV	San Diego	Tucson	Yuma	El Centro	All Other Non-SW Sectors	National Total
1993	608	134	297	353	393	992	287	182	198	584	4,028
1995	746	133	399	421	474	1,433	407	185	190	557	4,945
1997	918	135	471	451	760	2,281	875	175	249	580	6,895
1999	957	144	639	685	1,166	2,136	1,328	228	423	645	8,351
2001	1,086	194	893	921	1,451	2,004	1,686	323	589	674	9,821
2003	1,188	230	950	1,025	1,524	1,972	1,838	358	755	877	10,717
2005	1,330	220	907	937	1,380	1,562	2,324	547	684	1,373	11,264
2007	2,251	336	1,138	1,206	1,822	2,019	2,806	825	894	1,626	14,923
2009	2,712	682	1,682	1,863	2,422	2,570	3,318	972	1,187	2,711	20,119
2011	2,738	667	1,626	1,871	2,504	2,669	4,239	969	1,164	2,997	21,444
2013	2,631	623	1,598	1,804	3,086	2,572	4,135	911	1,141	2,890	21,391
2015	2,364	549	1,536	1,670	3,056	2,430	3,991	804	1,004	2,869	20,273
2016	2,240	511	1,439	1,670	3,135	2,325	3,834	829	927	2,918	19,828
% Var. from 1993:	348.4%	381.3%	484.5%	473.1%	797.7%	234.4%	1,335.9%	455.5%	468.2%	499.7%	492.3%

Source: U.S. Border Patrol

Number of U.S. Border Patrol Agents



Source: U.S. Border Patrol



LEGISLATIVE BUDGET BOARD

SUMMARY OF TRANSPORTATION FUNDING

PRESENTED TO HOUSE APPROPRIATIONS COMMITTEE

LEGISLATIVE BUDGET BOARD STAFF

FEBRUARY 2017

TxDOT Funding in HB 1

\$28.2 billion in All Funds for the 2018-19 biennium is provided to the Texas Department of Transportation (TxDOT) in House Bill 1, as Introduced, for the following uses:

- \$24.7 billion for highway planning, design, right-of-way acquisition, construction, and maintenance and preservation;
- \$2.3 billion for debt service payments and other costs associated with the agency's borrowing programs; and
- \$1.2 billion for other transportation modes, services, and administrative support.

TxDOT Funding in HB 1 (continued)

\$28.2 billion in All Funds consists of the following methods of financing:

- \$16.1 billion in estimated State Highway Funds (SHF), from the following sources:
 - \$8.6 billion from “traditional” SHF revenue sources;
 - \$2.2 billion from oil and natural gas severance tax related deposits (Proposition 1, 2014);
 - \$5.0 billion from anticipated state sales tax deposits (Proposition 7, 2015);
 - \$0.3 billion from regional toll project revenue;
- \$10.5 billion in Federal Funds;
- \$1.0 billion in Texas Mobility Funds;
- \$0.6 billion from bond proceeds for transportation improvement projects

State Highway Fund

- The SHF is not established or dedicated by the Texas Constitution, but some revenues deposited to the fund are constitutionally dedicated for public roadway purposes, including:
 - Three-fourths of state motor fuels taxes (1/4 allocated to Available School Fund);
 - Vehicle registration fees; and
 - Motor fuel lubricants sales tax.
- Federal reimbursements for state expenditures of funds that are constitutionally dedicated for public roadway purposes are also constitutionally dedicated for those purposes.
- Other constitutionally dedicated SHF revenues include:
 - Oil and natural gas tax-related transfers (Proposition 1, 2014); and
 - State sales tax and motor vehicle sales and rental tax allocations (Proposition 7, 2015).
- Other SHF revenue that is not required to be spent for public roadways by the Texas Constitution may be used for any function performed by TxDOT.

Proposition 1, 2014

- Proposition 1, approved by voters in November 2014, amended the Texas Constitution to direct the Comptroller, each fiscal year, to transfer to the SHF up to one-half of the amount of General Revenue previously allocated to the Economic Stabilization Fund (ESF).
- Transfers to the ESF and SHF are equal to 75 percent of the amount by which oil and natural gas production tax collections exceed the FY 1987 collection levels (\$532.0 million and \$600.0 million, respectively).
- Money transferred to the SHF may only be used for construction, maintenance, and acquisition of rights-of-way for non-tolled public roadways.
- \$3.3 billion total Proposition 1 transfers to the SHF from FY 2015 to FY 2017:
 - FY 2015: \$1,740.1 million (actual)
 - FY 2016: \$1,134.7 million (actual)
 - FY 2017: \$439.5 million (actual)

Proposition 1, 2014 (continued)

- HB 1, as Introduced, includes an estimated \$2.2 billion in Proposition 1 proceeds for the 2018-19 biennium for non-tolled roadway projects, including:
 - \$1.2 billion in unexpended balances from prior fiscal years; and
 - An estimated \$998.0 million from new deposits during the 2018-19 biennium, based on the Comptroller's projection of transfers to the ESF provided to the Select Committee to Determine a Sufficient Balance of the ESF (September 2016).
- The Comptroller's Biennial Revenue Estimate (January 2017) includes \$1.3 billion in new Proposition 1 deposits to the SHF for the 2018-19 biennium.

Proposition 7, 2015

- Proposition 7, approved by voters in November 2015, amended the Texas Constitution to direct the Comptroller to deposit the following to the SHF:
 - Beginning in FY 2018, \$2.5 billion of the net revenue derived from the state sales and use tax that exceeds the first \$28.0 billion collected in each fiscal year through FY 2032.
 - Beginning in FY 2020, 35 percent of the revenues collected from the state motor vehicle sales and rental taxes that exceed \$5.0 billion in each fiscal year through FY 2029.
- Revenue allocated to the SHF may be appropriated only to:
 - Construct, maintain, or acquire rights-of-way for non-tolled public roadways; or
 - Repay principal and interest on Highway Improvement General Obligation bonds issued under Texas Constitution, Article 3, Sec. 49-p (Proposition 12).
- Sec. 7-c authorizes the Legislature to do the following by adoption of a resolution:
 - Reduce the SHF allocation from either revenue source by an amount or percentage not to exceed 50 percent of the amount that would have been allocated to the SHF from that source in the affected fiscal year; and
 - Extend the SHF allocations in 10 year increments.

Proposition 7, 2015 (continued)

- HB 1, as Introduced, includes an estimated \$5.0 billion from Proposition 7 state sales tax deposits to the SHF, including:
 - \$4.4 billion for non-tolled roadway projects; and
 - \$0.6 billion for repayment of principal and interest on Proposition 12 Highway Improvement General Obligation Bonds.
- The Comptroller's January 2017 BRE includes \$4.7 billion in Proposition 7 state sales tax deposits for the 2018-19 biennium.



LEGISLATIVE BUDGET BOARD

Contact the LBB

Legislative Budget Board

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